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CAUSES OF THE CONFLICT BETWEEN CAPITAL AND LABOR.

BY D. H. HENDERSHOTT,

ELEVEN YEARS PRINCIPAL OF THE FIFTH WARD PUBLIC SCHOOL IN HORNELLSVILLE.

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TIMES STEAM PRINT.
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INTRODUCTION.

That the products of industry, constituting the wealth of the world, are not distributed among the producers in accordance with the efforts expended by each, in their production, must be apparent to all observers. It is physically impossible that a single individual, however industrious, skillful, or economical, can *produce* wealth representing a million dollars; yet there are those in *possession* of that representing many millions; a considerable number, more than ten millions; one, it is said, two hundred millions!

Current theories of exchange furnish no data enabling us, even approximately, to estimate the amount a single individual *can* produce. It is probable, though not certain, that no single wealth producer is in possession of one hundred thousand of his own production; but this opinion, based upon no well established facts, may be far from correct.

An analysis of the theories of distribution, shows clearly that the arguments advanced to prove their legitimacy, are based upon false premises. Economists prove conclusively that the sole factor of value is labor. Then assuming that exchanges take place in accordance with the relative value of the commodities exchanged, they, inadvertently, perhaps, allow desires, opportunities, opinions, and even deception to slip in, and thus value, as a fixed entity, appears to have no existence. Exchanges taking place according to the theory of value thus modified, must, inevitably, result in a gain to one party and consequently a loss to the other, unless, indeed, the desires, opportunities, opinions, and deceptions neutralize each other. Even if these interpolated factors do not favor one of the parties at the expense of the other, the real nature of value is so obscured by their admission, that its existence, as a fixed quantity is utterly ignored; therefore, in exchanging commodities, their relative values have little influence in determining the results; each party simply seeks to get as much as possible and give as little as possible.

Because, in the business world, each seeks to get much for little, or something for nothing, superficial observers conclude that such is the nature of man. In a certain sense, this is true; in its broadest sense, the one intended, it is not true. Naturally all men have certain impulses designed by the Creator to secure their self-interest; each has a desire for food—a purely animal desire. This desire may be perverted; it is then an evil. Even though normal, the desire for food, in obedience to the higher nature of man, may require restraint; he may have enough for a full meal while another is starving; under such circumstances, to gratify the self-desire, is evil. Henry George, a pre-eminently wise economist, has well defined man as an "animal plus something more." This "something more" has the sole power of preventing the perversion of human desires; none of them can be annihilated; they are bestowed upon man for wise and beneficient purposes. The desire for food, clothing, shelter, reputation, character—in short the desire for wealth and happiness is not merely innocent, it is laudable; it needs direction and restraint by that part of man which is more than animal. Whether this restraint will be exercised or not, depends upon the development of the higher and nobler nature of man. Seeking to obtain, by exchange, more than is given, is no more natural to man than is theft; both result from a desire to obtain wealth irrespective of the rights of others: the former within the law: the latter in defiance of law; both in defiance of natural law, from which there lies no appeal. Such is the nature of man that even *theft* may *seem* a reputable means of securing that which is desired; the laws of Ancient Sparta encouraged theft; hence stealing was the common practice of the Spartan youth. He must not, however, allow himself to be detected in the act; if he did, he lost all the glory, and must suffer punishment for his want of shrewdness. The Spartan mother wept when her son returned from the field of battle; while she whose son fell, rejoiced. The Algerian, whose ancestors were pirates on the Mediterranean, deems himself grievously wronged in being deprived of his inherited right to live as his father lived. All history is crowded with facts which prove conclusively that the character of the people in any country is determined by their environments. So true is this, that knowing the environments of any community, one can, from these data alone, quite accurately describe their general character. Very little reliance, therefore, can be placed upon any theory of the nature of man, drawn from the practices of any people. The investigation must not stop with any community or nation now existing; it must be carried through all the history of the past. The history of the past and the experience of the present show conclusively, that we have not reached that high stage of development beyond which there is no higher. If any theories, economic or otherwise, are assailed, they cannot be successfully defended by merely saying, "Such is the nature of man;" man is not inevitably what *we* are.

From erroneous theories of value, irresistibly follow erroneous theories of profits, interest, rent, wages, capital, and, consequently, of the distribution of wealth. However much the results may be deplored, being the legitimate fruits of current theories, they must be borne so long as these theories prevail. By united efforts, one department of laborers may *temporarily* cast the burden upon others; but this will not rid the *world* of the evil; it will still be hovering around the homes of all. The rights of none are secure while those of any are menaced. "Am I my brother's keeper?" has been derisively asked, not by Cain alone, but by mankind in all ages, thus indicating that, in the public estimation, individual interest is independent of the general weal. Some one has said that, if an Indian, in the wilderness, strikes his squaw, the universe feels the shock. This is no more improbable than that the smallest grain of sand on the seashore, deflects from its course, the most distant star. Let no one, therefore, ridicule the thought, that a wrong inflicted upon the feeblest and most obscure human being, is an injury to all mankind.

In the following Essays, I have given little heed to economic theories set forth in the exploits of Sinbad the Sailor, or in the history of Aladdin and his wonderful lamp. I have chosen rather to disregard all magical schemes for accumulating wealth, and by tracing principles, in their simplest manifestations, sought to elicit facts by which to determine the true economic relations of the wealth-producers. The arguments of economists, in general, I think, justify every conclusion that I have reached, however much at variance with current theories. When, after proving with mathematical precision that labor is the source of all wealth, they, by the mere use of such terms as "abstinence," "sacrifice," "great brain powers," "superior executive skill," and "trustworthiness," attempt to justify profits, interest, and rent, irrespective of the personal services rendered by the recipient, I have chosen to abide by their arguments rather than accept *contradictory* theories *without* argument.

During many years, I have witnessed struggling humanity, in all stages of development, striving to reach a freer and nobler manhood. My own experience taught me, quite fully, to realize its trials, its hopes, its fears, its defeats, and its victories. As best I could, amid many discouragements, but full of hope in the possible achievements of humanity, and full of faith in the justice of God, I have endeavored to assist many in their attempts to surmount the difficulties by which they were surrounded. I feel therefore commissioned, by Experience, to speak in behalf of the struggling millions, whose inalienable rights are invaded by economic theories at war with the best interests of all.

This little book, my mite contributed to promote the general weal, I send forth on its mission, trusting that its suggestions may furnish facts worthy the serious consideration of all. If any believe in its teachings, let them act accordingly; if any do not, let them refute the arguments, or forever hold their peace. Fair, manly criticism by any who study it with care, none will read with greater interest than myself.

D. H. H.

HORNELLSVILLE, N. Y.

ESSAY I.

VALUE AND PROPERTY.

1. *Value.* Before defining a thing, its nature must be clearly perceived. The definition must include all characteristics of the thing defined, and exclude those belonging to anything else. The origin of value, therefore, must be determined, before a definition is possible. To say that the value of an article, is some other thing for which it will be taken in exchange, is to say that the caprice of man can annihilate or restore an entity at will. The indefiniteness of this term causes the arguments of political economists to lead to conclusions not warranted by the facts. If it were true that political economy has no more substantial foundation than wants, desires, necessities, opportunities, or opinions, it would, indeed, be a "Dismal Science," because, thus interpreted, it promises nothing but pinching poverty to the great mass of mankind so long as time shall endure. But, fortunately, such is not the teaching of this science; these dismal forebodings result from a misapprehension of its primary facts.

Each science has its own peculiar primary facts, or axioms. Without these, no reasoning would be possible; hence, the indispensable necessity of extreme care in selecting the premises upon which all conclusions must finally rest. The geometrician must perceive that, if equal quantites be added to equal quantities, the sums will be equal; if equal quantities be taken from equal quantities the remainders will be equal; if equal quantities be multiplied or divided by equal quantities, the results will be equal; equal powers or roots of equal quantities are equal. These are some of the primary facts, or axioms, upon which the mathematician confidently relies; without these, mathematical reasoning would be impossible. If any thing, not a fact, be assumed as such, in reasoning on any subject, this false assumption must, inevitably, lead to a false conclusion.

Axioms are facts so simple and easily perceived, that any one whose attention is called to them, will, at once, admit them. They are not susceptible of a demonstration, because there are no facts simpler than themselves with which they may be compared; they are self-evident truths. But they are not confined to mathematics; they pertain more or less to all sciences.

The following are some of the axioms pertaining to political economy: The air, the ocean, the light of the sun, in fact, the whole material universe, and all the forces of nature, are destitute of value. This concession necessitates the conclusion that value inheres in nothing, in its natural state. Therefore whatever is true of the forces of nature, and the material universe on a grand scale, is no less true of the minutest material product of nature. Gold, in its natural state, with all its useful properties—brilliancy, malleability, ductilty, homogeneity, etc.—is as valueless as a sunbeam or a drop of water. The truth of the last proposition is not generally conceded; it cannot be without a universal wreck of current theories of political economy. These are venerable relics of the Ancient World. They will not be surrendered without a struggle; all errors die hard, especially those hoary with years. But if these are errors, their evil results are so far-reaching and disastrous, that they must perish, as have many others no less hoary with age than are they; the path of civilization lies through a grave-yard of ancient customs, no more vicious than are many which dominate the world to-day.

If any number of people were cast upon some, hitherto, unknown island, each would have a right, to appropriate to his own use, any product of nature found there. This is an axiom; all will admit it without debate; it is a primary truth. The soil, the forests, the rivers, the waterfalls, the precious metals, the game, the fish, and all other products of nature, whatever might be the quantity or quality of either, would be as destitute of value as are the barren wastes of Sahara. Calling natural products valuable, is mistaking utility for value. Each of these terms must be confined to its own sphere, or inextricable confusion is inevitable. Utility is commonly, if not always, associated with value; but it is not a factor in its production. This is proven by the fact that air, though of inestimable utility, is free to all. The same is true of sunlight and of water. There are many other things that are absolutely indispensable to the continuance of human life, and are therefore, infinite in utility, though, in value, they are zero. So great is the utility of iron that its loss would arrest civilization and fill the world with misery. So small is the utility of gold or diamonds that *their* loss would be scarcely felt. Yet, iron is of little value, while that of gold and diamonds is great. Hence value and utility are not identical; neither is indispensrbly necessary to the existence of the other. The utility of anything depends upon certain properties adapting it to useful purposes. God furnishes utilities infinite in variety and boundless in extent. These being free to all, each can appropriate what he desires "without money and without price;" hence they are without value.

The moment human activities begin to modify the bounties of nature, a new relation arises. If a settler in the new-found island catches a fish, this natural product, which a moment before was free to all, is severed from the common inheritance, and an individual right results—a right that no one would question. No other could take *that* fish, without invading the rights of the fisherman, the owner. If another should catch a deer, his individual right would be, at once, recognized. The hut erected would belong to him whose labor constructed it. The cleared plat of land would belong to him whose labor improved it. All things modified by human industry would become private property; all that were not so modified, would remain free to all. That which is modified by man possesses value; that, not so modified, is destitute of value. The former is salable; the latter is not. *Value*, therefore, *is a relation subsisting between the laborer and the product of his labor.*

In the production of value, there arise new relations, and nothing more. Nothing is in the island except what was found there, and the modifications resulting from human industry. Yet there are new relations growing out of human efforts that constitute individual ownership, or property, At first, no one to the exclusion of others, owned anything; hence there was no property. Each could rightfully appropriate to his own use anything he found. But now neither can take that which another has gathered without violating the right of private property.

Property is the right of the laborer to exercise dominion over the products of his industry.

It is necessary here to observe that the right of private property is not the creature of human law; no human law can create value, no human law can annihilate value; it is an individual relation, as inlienable as the right to life or liberty. If the involuntary residents of the supposed island remain and multiply, each new-born child will make its advent there clothed with all the rights possessed by the original settlers. During its infancy, its support will be an inherent right demanded, in the nature of things, from its parents, as their support was furnished by their parents. The future accumulations, for all time, consisting of food, clothing, shelter, tools, and improvements in the conditions, will belong to those whose labor produces them, as did the first meagre gatherings of the spontaneous productions of nature belong to those who gathered them, each being the owner of the products of his own industry.

The fish in the streams, the game in its native freedom, the trees in the forest, the unimproved land, the minerals in their native bed, the waterfalls, and all other products of nature, have, and *can* have, no individual owner; in this condition, unmodified by human agencies, all are as free as air or sunlight. Up to this time, each individual, by an indisputable right, has gathered at will, anything he desired, limited only by the accumulations of others. If they so desired and possessed the requisite wisdom, they might continue thus to live forever, with boundless opportunities free to all. But so great wisdom has not as yet been the lot of any people; hence, the necessity of government, not to *create* rights, but to *protect* each, as near as may be, in the enjoyment of his own inalienable rights, "to life, liberty, and the pursuit of happiness." Within these limits, civil government has its legitimate functions in the affairs of men; outside these limits, it becomes a positive evil, producing discord instead of harmony.

For and among themselves, the people of any country or a majority of them, may prescribe such rules and regulations as their circumstances demand. These constitute their government. But, in the nature of things, the majority are precluded from imposing upon the minority, even though that minority be but *one*, any other conditions than those bearing with equal force upon the majority themselves. It is the part of government, not to *create* rights, but to *protect* each in the enjoyment of his own; hence, any distinction among its citizens, on the part of any government, is a usurpation that should be met, at the very threshold, with rebuke so strong as to insure no repetition.

A very common usurpation on the part of governments lurks in the theory of "vested rights." In reality all rights are vested, that is, fixed. Used in this sense the term is legitimate, at least, harmless. But in the sense in which it is frequently used, to defend one in possession of that which is wrongfully acquired, it is fraught with evil under whose influence the world reels and shivers from social, commercial, and political convulsions. In proof of this fact, witness European nations, each with sword and shield, ready to strike another or defend itself, as opportunity may offer or necessity demand. Each nation is a usurper as to the rights of other nations; each government is a usurper as to the rights of its own citizens. It is doubtful whether the real title to a foot of European soil is in its possessor; its possession can be defended only on the theory of "vested rights," in this sense, a nonentity.

The time of vast numbers is worse than wasted, in efforts to defend imaginary rights, vested rights, evoluted from ancient wrongs. Even worse than this, the great mass of the people, steeped in poverty and misery, growing out of these "vested rights," yield up the products of their labor to support the countless hordes by whom their poverty and degradation are perpetuated. What is true of Europe, is true of the whole Eastern Continent. Pretended rights have been allowed to usurp the place of real rights, and consequently the line of demarkation between right and wrong is wholly obliterated, or rendered imperceptible to the people. The same theories prevail, to a certain extent, in the United States, notwithstanding the boasted exemption from the pernicious principles which have pauperized the great mass of the people of Europe. Had the American people carefully studied the history of the causes of the civil war recently ended, these theories would have perished in that conflict; the Rebellion was the legitimate fruit of the theory that one may rightfully live in idleness, if he is shrewd enough to obtain, within the letter of the law, the means of his subsistence at the expense of others. Notwithstanding slavery was disarmed on the field of battle, its *spirit* still *lives*, a menace to the liberties of the people.

The digression from the discussion of the nature of value and the origin of private property, became necessary from the fact that ancient customs, however vicious, are from the antiquity of their origin, supposed to be entitled to respect as precedents to depart from which is little less than treason. One of the most pernicious of these is the theory of "vested rights," which has inspired many of the current maxims of political economy. These would have perished long ago, had not this relic of barbarism presided at the discussion.

If the Island upon which the little fragment of humanity was supposed to be cast, was so limited in extent and resources as to furnish mere subsistence to those already there, the inhabitants might, perhaps, justify the expulsion of any new-comers, as either of two men, on a plank, in mid-ocean, *might* justify drowning the other to save himself. No attempt will be made here to decide a point so fine. There may be those whose perceptive powers are equal to the task of giving certainty to such decisions; it is believed, however, to be doubtful. Did the Greely Party, on the verge of the grave from starvation, become cannibals? If they did, the circumstances must be fully *comprehended* before a correct judgment can be pronounced upon the moral character of their deeds. There is probably a limit beyond which the human mind fails in capacity to trace moral relations, as the eye fails to discern physical objects, because of their small size, or their great distance. Whatever may be the facts with reference to extraordinary emergencies, they establish no precedent for the determination of the moral relations in the ordinary affairs of men. Monopoly of opportunities cannot be justified because of the remote possibility that, sometime in the distant future, population *may* be in excess of the means of subsistence.

If the resources of the Island were sufficient to sustain a larger population, any later immigrant would land there clothed with precisely the same rights possessed by the first settlers. He would have an inalienable right to supply his wants from the spontaneous productions of the Island. The Islanders *might* unite their forces and expel him; they *might* reduce him to the condition of a slave; they *might* murder him. But their prior occupancy could justify no such proceedings. Opportunities for gaining sustenance, and securing life, liberty and happiness, cannot, rightfully, be monopolized; they belong, in perpetuity, to the Race. Should the equal rights of the new settler be respected, he must be permitted to gather the utilities furnished by the spontaneous productions of nature, as freely as those that preceded him, limited only by the prior rights of others to the commodities resulting from their industry.

Such was the beginning of private property. Stripped of all false theories inherited from a barbarous Past, such is its nature to-day, and such it will remain forever. It depends for its existence upon neither custom nor law; it is older than either of them. It does not, as is sometimes said, result from priority of possession merely; it results from industry, and from that alone. The first property consisted of the gifts of nature merely gathered by man. As to how long private property consisted merely of the unmodified accumulations of the spontaneous productions of nature, history is silent. That such was the nature of primitive property, is as certain as is the fact that every river has a source. The right of the fisherman to the fish caught by him, needed no legal sanction.

After a time, prompted by his desires, the environments forced upon man the fact that the comforts of life could be enhanced by *transforming* the material products of nature, thus creating new utilities. Instead of engaging in weaponless contest with the wild beasts by which he was surrounded, he, perhaps, employed a club. He saw that, for many purposes, a stick was better than his fingers; a stone was better than his teeth; he became an inventor. He saw that the form of the stick or of the stone is, for certain purposes, a very important matter. He took advantage of such facts to increase the efficiency of his industry. Unimportant as seem the rude inventions of our remote ancestors, they are, nevertheless the beginning, of the career that has resulted in the wonderful inventions of modern times. Individual right to the new utilities grew out of individual efforts in *transforming* the materials of nature, as primitive property grew out of ndividual efforts in merely accumulating them. Industry is a condition precedent to ownership.

As has, already, been said, a fragment of gold in its native bed, though possessed of potential utility, is valuless. Under such circumstances, a mountain of gold would be as destitute of value as would a single grain. Value is not a necessary accompaniment of utility, nor of quantity. Utility and quantity may be indefinitely increased, value still remaining at zero. Value is not found outside of human relations; it is not a product of nature. Its nature discloses its true definition, that already given; it is a *relation* subsisting between the laborer and the product of his labor.

There is no possibility of overthrowing this definition without admitting the legitimacy of extortion. A misconception of the nature of ownership leads to much confusion and hideous monstrosities in economic theories. Ownership results, not from legislative enactments, but from industry; it is coterminous with value; the limits of the one are those of the other. Ownership confers no right of extortion; no more than an opportunity confers the right to steal. It is true that the owner of a commodity, may, in case of the extreme necessity of another, wrest from him a greater value than is given in exchange. This, however, falls far short of proving that ownership can increase value. In this case the owner extorts pay for utility instead of value; the latter, only, is his.

To recapitulate the facts relating to value, they may be stated as follows: God creates *utilities*, infinite in variety and boundless in quantity. He creates no *value* except through *human* instrumentalities. Immediately from the hand of God, a continent is as valueless as an animalcule, millions of which can sport in a drop of water. Human laws can create no values; these being individual rights, they are antecedent to all legislative enactments, whose sole function is to preserve rights. Custom, however long in vogue, being merely a species of law, creates no value. Its only source is individual effort, that is, labor. God furnishes all the materials and all the opportunities *free*. But in the fiat, "In the sweat of thy face shalt thou eat bread," is proclaimed the economic law that *labor* is the condition precedent to ownership. From this decision, sanctioned by reason no less than Revelation, there lies no appeal.

To the producers of value, therefore, belong all products modified by the hand of man; those not so modified belong to all mankind. The former alone are salable. The producer may exchange his commodities for those produced by others. But the law of exchange, like that of value, is fixed in the nature of things, no more dependent upon the caprice of custom, than is the force of gravity, which imparts weight to the commodities exchanged. The laws pertaining to political economy are no more subject to the will of man than are those pertaining to astronomy.

The conclusions reached in this Essay, as to the nature of value, are supported by the arguments of all economists. The point in controversy relates to the estimation of its quantity; here there is a wide divergence from current theories. Economists seem, at this point, to entirely lose sight of its nature as a fixed entity. Their arguments with reference to the laws of exchange, practically ignore the existence of value, by assuming that its quantity depends upon the desires, necessities, opportunities, and relative degrees of intelligence of the parties to an exchange. This leads to inextricable confusion, and makes exchange a mere game of chance, in which the passions of men, instead of the laws of exchange, are permitted to determine the rights of the parties. It seems to be forgotten that the *transferables* consist, not of utilities or commodities, but of values. The utilities or commodities, are merely incidents to the transaction; the values, alone, are to be estimated. These must be estimated, not by relegating them to the passions of men, but as all other things are estimated, by comparison with a fixed unit, of the same nature as that whose quantity is to be determined. The nature of value will be more fully elucidated in the discussion of the laws of exchange, the subject of a second Essay.

ESSAY 2.

EXCHANGE, PROFITS, MEASURE OF VALUE.

That Providence designs that men should exchange services is proven by the great diversity of conditions in which they are placed. Differences of climate modified by latitude, altitude, and remoteness from or nearness to oceans, lakes, and rivers; differences of soil, adapting the Earth to the production of a great variety of plants, some indispensable to the support of life, others adding greatly to the comforts and well-being of man; and the distribution of minerals, necessary to the advancement of civilization, are unmistakable evidences that exchange of services is indispensable to the welfare of man. The material products of nature, infinite in variety, are scattered in profusion over land and sea, more than the desires of man can appropriate. But the distribution of them generally among men, is impossible except through the instrumentality of exchange. The diversity of oceans, lakes, rivers, mountains, valleys, plains, fertile soil, sterile soil, plants adapted to different conditions of climate and soil, and the great variety of useful minerals, could be utilized in the highest degree in no other way except through mutual services. Exchange, therefore, is an indispensable factor in the development of a higher civilization. Annihilate exchange, and civilization would perish; universal barbarism would be inevitable. Whatever his industry, man would be miserably poor; skill would be undeveloped; mechanical inventions, beyond the rudest implements of the savage state, would be unknown.

Exchange is a potent factor in the development of skill. One becomes skillful in devoting his efforts to the production of a limited number of forms; skill is the product of numerous repetitions accompanied by careful, intelligent observation. It will not do, however, to limit the field of one's exertions to a single uniform movement; the healthful development of both body and mind requires variety enough to call out all their resources. If too little be required of them, they remain undeveloped, or with unsymmetrical relations; if too much be required, the effect is no less deleterious. Given the materials out of which they are produced, the most industrious man, in an attempt to produce, with his own efforts, all the objects of his desires, would, with undeveloped skill, live and die in poverty, amid the monstrosities of his own creation.

If intelligently manipulated, the materials and opportunities furnished by nature, are exactly adapted to man's highest welfare. But here, as everywhere, man is left to determine, by careful observation, the true relations. If he mistakes these, the error must inevitably render unsafe all calculations based upon his decisions. The evil effects will be, to a certain extent, realized, though the cause may escape detection. Efforts of some kind will be made to get rid of the unpleasant conditions; but they will be made in vain, unless they be directed to the removal of the disturbing causes.

The development of man's powers, physical and intellectual, requires precisely the conditions in which he is placed. If his desires were gratuitously supplied, he would be, physically weak, and, intellectually, a mere animal, a dwarfish monstrosity. The mistakes from whose evil effects we suffer, then, are not ineradically fixed in the nature of things; they result from a misinterpretation of nature's laws. They are remediable; but man, alone, must remedy them. The responsibility is, therefore, his.

In no sphere of human activities, perhaps, are the evidences of folly more marked than in current theories of exchange. Selfishness, alone, is assumed to be the inspiring motive; individual gain, the only object. Perception of mutual welfare prompts the activities of neither party. Honesty is scoffed at; rascality is at a premium; veracity is evidence of imbecility; vice strides almost unrebuked in all the marts of trade; hopes wither; almost universal despair reigns; frequent financial panics threaten universal commercial chaos; and starvation menaces the homes of those whose industry has filled the world with wealth, which, if properly distributed, would fill the Republic with prosperous happy homes.

The above conditions inevitably result from the adoption of theories inherited from an age when brute force dominated the affairs of men. These theories set at defiance the teachings of economic science; they must be set aside before better conditions are possible.

Economic science teaches that the rights of the parties to an exchange of commodities are *fixed* in the law of value; the *values* are the real exchangeable entities. These, alone, determine the relations of the parties; they must, therefore, be equal. In all equitable exchanges, value received equals value given. This is granted by most, if not by all, economists. But do the current theories of exchange agree with this maxim? Is it ever applied in practice? Among mere business men, never; the very existence of such maxim is ignored, perhaps, unknown. They, invariably, seek to get more than they give. But more of what? Gain is undoubtedly the legitimate object of exchange. This gain, however, if justifiable, must be secured through increase of utilities, instead of through increase of value.

If profits could be realized only through increased value, they could have no place in honest exchange, as what one would gain another must certainly lose. If A give B one hundred dollars for a horse worth one hundred and ten dollars, the gain of the former is at the loss of the latter; what is added to the wealth of the one is subtracted from that of the other. And yet, so potent is the influence of custom, this monstrous commercial iniquity is tolerated, even *commended*, in this last quarter of the Nineteenth Century! This is the source of that appalling public opinion which scoffs at the suggestion of commercial integrity. Any attempt to justify such theory of profits by argument, elicits the fact that value is almost universally mistaken for utility. Thus, arguing from false premises, the conclusion must necessarily be false.

If A exchanges with B, giving a horse for an ox of equal value, both may gain vastly in utilities. Each may have a horse and an ox, and neither have a team. After the exchange, A will have a team of oxen, and B, a team of horses. Each has gained in utilities, but neither has gained in value. No sophistry is necessary to justify such a transaction; its morality is absolutely unassailable. In the sense of increased value, profits are not justified by the laws of exchange; in the sense of increased utilities, they are consistent with the highest integrity. The former are properly designated as *spurious*, the latter, as *legitimate* profits. This distinction must be inexorably maintained, or the future offers no hope to the toiling millions.

If a hundred families should settle in a hitherto unoccupied country, they would not acquire absolute title by the mere act of settlement. They might, for convenience, assign to each family the occupancy of a particular tract. Such action however could not confer upon each occupant the absolute right of property; the settlers would not be precluded thereby from making a redistribution of all natural products, if, in their judgment, the highest interests of all demanded such redistribution. The relation of the settler to what his industry had produced would be very different; his right to the products of his labor would be absolute. If a hundred other families should subsequently seek homes in that country, justice would demand a redistribution of all natural products unmodified by the industry of the previous settlers. However numerous the immigration might be, each would reach that country with the inalienable right to participate, on equal terms with the prior occupants, in all the bounties of nature. It is true that the population *might* become greater than could be subsisted in the country. What then ? The solution of the problem would involve the same principles as would that of two men in mid-ocean on a plank incapable of sustaining both.

Measure of Value. As the bounties of nature are free, anyone may rightfully appropriate them. Not so with the products of industry; they belong to those whose industry produces them. The former are not exchangeable; the latter are at the option of the owner. But he is not at liberty, as is currently asserted, to *fix* their value; that depends upon the *labor* expended in their production. It is no more susceptable of being fixed by man, than is weight, color, magnitude, or chemical properties. The value of anything is a definite quantity and can be measured only as such. As in all other measurements, the unit of measure must be of the same nature as that whose quantity is to be measured. A unit of weight must be used in measuring weight; a unit of length, in measuring length; a unit of surface, in measuring surface; a unit of volume, in measuring volume; a unit of *value*, in measuring value. More or less difficulty is encountered in selecting the measuring unit in all kinds of measurements. The measuring unit of value may or may not be more difficult of attainment than other measuring units. Difficult or not, it is indispensable, and must be had, before any measurement is possible. It is currently asserted that money is a measure of value. This is not true; the value of money is as unknown as is that of the commodities whose value it is supposed to make known. To say that money can make known the value of commodity, is saying that an unknown quantity becomes known by comparing it with an unknown quantity.

As has already been shown, value is the result of labor; it is, therefore, evidently proportioned to the labor expended in production. If labor were not of various degrees of efficiency, the measuring unit would be easily attainable. If all labor were equally effective, a day's labor would be a perfect unit for the measurement of the value of all commodities. The value of all things would become known by simply ascertaining the number of days' labor expended in their production. Dividing the number of cords of wood chopped by a hundred men in a day by 100, would give approximately the average labor expended in chopping one cord; a similar experiment with one thousand men would furnish a nearer approximation to the average result; continually experimenting with a larger number, a result would be attained practically reliable. It would not answer, however, invariably, to use this standard; some kinds of wood are more easily worked than others. For a time at least, the standard would require frequent revision, as do all other schemes of man. In the same manner could be found the labor cost, or value, of all commodities. Strength, skill, and persistency present other difficulties; but they are not insurmountable obstacles; to estimate these factors of production, requires patient observation. But, in this direction, only, is there any hope of commercial equity, and, consequently, of general prosperity. The scheme here presented for estimating values, being based upon labor, the sole source of all values, is immeasurably superior to the current method, whose antiquity alone is its only merit. The latter has divided the people of Europe into two classes: the *few very rich*; the *many miserably poor*. It promises nothing better here; it must be discarded or, in the near future, *this* will become a land of serfs.

The relative amount of labor, then, expended in the production of exchangeable commodities, determines their relative values. If twice as much labor is required, on an average, to produce a bushel of wheat, as is required, on an average, to produce a bushel of corn, a bushel of the former is equal in value, to two bushels of the latter. Simple as it is, this example involves all the elements found in the most complex problem of exchange. In ultimate analysis nothing appears but an exchange of services; these are the only salables recognized by economic law. In confirmation of this statement, other illustrations will now be given.

A and B are neighboring farmers; each being the owner of a good farm. But the farms are not equally well adapted to the production of all kinds of grain. A's is especially adapted to the production of wheat, but poorly adapted to that of corn. B's is the reverse; it will produce corn in abundance, but to the growth of wheat, it is illy adapted. Here the mutual interests of the parties require an exchange of services. Both want wheat; both want corn. It is an innate principle of human nature to seek the object of the desires at the expense of the least effort that will accomplish the result.

If A and B are sufficiently wise to comprehend their mutual welfare, each will direct his energies to the production of that for which his farm is best fitted. One hundred days' labor expended on A's farm will produce 400 bushels of wheat. If one-half the labor were devoted to the production of wheat, and the other half to that of corn, the result would be 200 bushels of wheat and 200 bushels of corn. One hundred days' labor expended on B's farm in the production of corn would yield 800 bushels. Had half the labor been expended in the production of wheat and the other half in that of corn, the result would have been 400 bushels of corn and one hundred of wheat.

If these farmers ignored the advantages offered by exchange and each raised both kinds of grain, A would have received for his 100 days' labor, 200 bushels of wheat and 200 of corn—total 400 bushels; B would have received, for his, 400 bushels of corn and 100 of wheat—total 500 bushels. The united product would have been 900 bushels. If each worked on his own farm producing that to the growth of which his was best adapted, A would have produced 400 bushels of wheat, and B would have produced 800 bushels of corn; both would have realized 1200 bushels. This clearly illustrates the advantages of exchange; had there been no thought of this, the two would have received for their labor

900 bushels of grain; prompted by the advantages offered by exchange, they would have received 1,200 bushels, a profit of three hundred bushels.

How ought these profits to be divided? This question is easily answered. Assuming that the farmers have labored with equal efficiency, they have contributed equally to the production of the commodities; the products, therefore, should be equally divided. The 400 bushels of wheat raised by A, is exactly equal, in value, to the 800 bushels of corn raised by B; hence, a bushel of the former is equal, in value, to two bushels of the latter. Each would then have 400 bushels of corn, and 200 bushels of wheat—600 bushels of both kinds. A has gained, at the expense of no living man, 200 bushels of corn; B in like manner has gained 100 bushels of wheat, exactly equal, in value, to A's 200 of corn. There is a mutual gain in utilities, the only gain sanctioned by economic law.

Had the productive powers of the land differed in consequence of latitude, the one being adapted to the growth of wheat, the other to that of cotton, the principles would have been precisely the same. The climate in which cotton thrives is not well adapted to the production of wheat; the climate in which wheat flourishes, would demand herculean efforts in the production of cotton. If those in the cotton-belt want wheat, they can obtain it by growing cotton and exchanging with those whose climate is adapted to the growth of wheat. The occupants of the wheat country might, at an immense cost, in an artificial climate, grow their own cotton; but they could get the cotton, with a comparatively insignificant outlay of labor, by raising wheat and exchanging with the cotton-growers. Under these circumstances, the advantages derived from exchange are inestimable.

A third and not less important advantage gained by exchange results from the skill developed by a diversity of employments. As already stated, one becomes skillful by directing his energies to the production of a limited number of forms. Hence, a division of employments infinitely increases the productive powers of labor. Such division, however, presupposes the opportunities offered by exchange. Without the instrumentalities of exchange, each must depend upon his individual efforts; division of labor would be unknown; and skill, beyond that possessed by the rudest savage, would be undeveloped.

From the mine to the final utilities furnished, iron passes through the hands of a vast number of artificers, each of whom contributes his mite to swell the grand total. If each laborer should attempt to perform the labor required in all the transformations and transportations, the unfinished product would remain when he ceased from his labors here, and passed to the realms beyond. This is typical of all labor. That of the individual is fruitful, only when united with that of his fellow-man.

Should the hatter make shoes for himself and family, a great deal of inefficient labor would be expended in producing an industrial monstrosity; one-tenth of the time expended in his own field would, through exchange with the shoemaker, supply him with infinitely better shoes. Should the shoemaker make his own hats, waste of time and labor, on a practically useless product, would be the inevitable result. What is true in relation to the hatter and the shoemaker, is universally true; not because some are born with one, and others with different special capacities; but because the necessities of production, on a grand scale, demand the development of all the capacities of man.

The fact that one is a shoemaker, or a hatter, does not prove that he had superior natural capacity in that field of labor; his industrial capacity is the result of his environments. Hereditary differences doubtless exist; but the theory that they determine one's avocation in life, is inconsistent with all the facts of history. If heredity had the influence claimed for it, no skillful mechanician would inhabit the earth; the common ancestors of all were, probably, savages—homeless, weaponless, toolless; as destitute of mechanical skill, as of proficiency in mathematics.

The great diversity of soil, climate, mountains, plains, valleys, hydrographical features, and mineral facilities imperatively demands the division of labor and exchange. Economically, the whole world is but one people, all working for a common object, the general welfare. The division into different nationalities, is a mere matter of expediency, in no wise altering the principles of economic law. Unfortunately, however, all nations, more or less, throw obstacles in the way of the harmonious working of these beneficient provisions of nature. Blindly following ancient customs, at war with the best interests of all, instead of heeding the simple teachings of economic science, the commercial world, even in this age, presents the phases of a state of war rather than those of peace. Such is the inevitable result of violating nature's laws.

Money. It is said that money is a measure of value. Is this true? Does it comply with the universal requisite that the unit of measure must of necessity be of the same nature as the quantity to be measured? By applying it to any commodity, is the value of such commodity made known? If not, is it in any sense a measure of value? All measurements are effected by comparison; by comparing an unknown quantity with a known quantity. Is not the value of money as much an unknown quantity as is that of any commodity whose value is to be determined? If it is so, can it possibly be a measure of value? Certainly not; it is no more a measure of value than is a bushel of wheat, or any other commodity. As has already been shown, value is not a property of anything; it is a relation of the producer to the thing produced. Of this nature, must be the unit employed in the measure of value; such unit is absolutely indispensable. In the true economic sense of the term value is not measured by money. By immemorial custom money has been universally received in exchange for commodities. This has led to the erroneous assumption that values are thus measured. Its general acceptability, renders money a very efficient instrument of exchange; though the common misapprehension of its proper function, frequently converts it into an engine of evil. Its real nature must be clearly perceived in order that its use may result, only, in good. What then, is the true function of money? A correct answer to this question, requires an appeal to the primary facts.

In a primitive community, isolated from the rest of the world, there would be no money, and but little necessity for such an instrument. But as population increased and spread over more extensive territory, exchanges would multiply and the system of barter, formerly in vogue, would be illy adapted to the new conditions. In the absence of money, a farmer, in need of a hat, might experience great inconvenience in obtaining the desired commodity. The hatter might not need anything the farmer had to exchange. Or if he did need the farmer's products, he might not have use for just that quantity equal, in value, to the hat. The hatter in need of wheat, would experience a similar difficulty, unless he could find a farmer in need of a hat. In the absence of the hatter's desire for farm-products, the farmer must remain hatless, seek through a series of exchanges to obtain something desired by the hatter, or resort to credit. The shoemaker might want the farmer's wheat; the blacksmith, the shoemaker's shoes; and the hatter, the blacksmith's hammer. If the commodities were of equal value, the farmer might exchange the wheat for the shoes; the shoes for the hammer; and the hammer for the hat. The series of exchanges would frequently be much more extensive than that required in supplying the farmer with his hat; the difficulties would be vastly increased by the inequality of the values of the various commodities. So great would be the obstacles in the way of exchanges under such circumstances that commerce on an extensive scale, would be impossible and the profits derived from the division of labor could not be realized. Such was the emergency that led to the invention of money. But it was adapted only to the commercial theories of a barbarous age—an age of ignorance, despotism, and slavery. It vastly increased the facilities of commerce, but it lacked, and still lacks, a very essential quality; it expresses no invariable definite meaning. So long as this feature is wanting, commercial prosperity can have no enduring foundation.

Current commercial theories set at defiance the law of value. Money adapted to theories of exchange which sadly need revising, must need a corresponding revision itself. With or without money, commodities can not be equitably exchanged until their respective values are ascertained. These being the result of labor expended in production, can be determined only by estimating the forces that produce them. The essential elements of labor are strength, skill, and time. The divisions, commonly known as skilled, and unskilled labor, are misleading; no kind of labor is possible without *some* skill. A skilled laborer is, strictly speaking, one that has marked proficiency in his calling; an unskilled laborer has little proficiency in his. None of these elements must be omitted in estimating values. The efficiency of an unskilled laborer is less than that of a skilled laborer; hence, the value of a commodity produced in one day by the former, is not equal to the value of that produced by the latter in the same time. The value of a commodity produced by a given grade of labor in a certain time, is double that of one produced in one-half the time by the same grade of labor. It is immeterial as to the kind of commodities; they may be alike or unlike. Both may be ax-helves. One may be an ax-helve; the other a hand-sled. One may be a watch; the other a sewing-machine. One may be gold; the other diamond. In all departments of production and exchange, equal values result from equal industrial efficiency. Custom may ignore the law of value, but it is eternally fixed in the nature of things. Legislators may interfere with its beneficent tendencies, but they can no more change the law than they can that of gravitation. The worshipers of Mammon may scoff at it, but the periodical commercial panics will be cumulative evidence of their folly.

The value of most commodities is the result of many industries. A fish in Lake Erie is valueless; from the hands of the fisherman it is accompanied by the value of his services; it reaches the market loaded with the additional value of the services rendered in transportation; it goes into the hands of the consumer with the value increased by those rendered by the dealer. The ultimate value can be determined only by ascertaining that resulting from the services of all parties; these must be paid by the consumer. A barrel of flour comes from Minnesota loaded with the values resulting from the services of the farmer, the miller, the railroads, the drayman, and finally reaches the consumer with the value increased by the services of the grocer. Every one of these is a legitimate service for which the consumer should render an equivalent.

The facts already elicited show the absolute necessity of statistics in all departments of production. These should exhibit, substantially, all the products in every department of labor, together with the amount of labor expended in production. These two facts are absolutely essential in obtaining the average value of the products in each field of labor. Suppose that a hundred days' labor produces 300 bushels of wheat and that an equal amount of labor produces 600 bushels of oats. From this it would irresistibly follow that three bushels of wheat or six bushels of oats would be an equivalent for one day's labor. The same facts show that three bushels of wheat is equal in value to six bushels of oats; hence, two bushels of oats should exchange for one of wheat. The statistics, being absolutely demanded by the highest interests of all, should be secured, printed, and distributed periodically by the government, representing the interests of all the people. This suggestion may seem utopian; it is not; the scheme is perfectly practicable. If the impracticable is utopian, the current theories are utopian; they are not only impracticable, they make the attainment of the desired result absolutely impossible. If the instrumentalities of government can not, at once, be utilized for that purpose, individual producers might, themselves, secure statistics from which they could determine, approximately, the relative value of commodities in exchange. By this method, only two facts are required in relation to each field of labor; these are the amount of labor expended and the quantity produced; approximately both are easily attainable. The method, at present, employed has no reliable basis; it leaves the result to be determined by the desires, necessities, opportunities, and relative degrees of shrewdness of the parties. If this scheme does not bear on its face positive evidence of unreliability, the history of commerce through hundreds of years, overwhelmingly proves that it is inconsistent with commercial integrity. It has impoverished the masses of all long-standing nationalities; unless soon discarded, such will be its fruits here.

Bearing in mind the fact, that all exchanges consistent with the equal rights of all, are, in ultimate analysis, merely exchanges of services, the legitimate functions of money are easily apprehended. An effort will now be made to make clear the nature of this indispensable instrument of commerce. To accomplish this, necessitates an appeal to facts that none can question. These facts can be elicited from the circumstances of the most primitive community as well as from those whose commerce is world-wide. Commercial principles, like those of mechanics, are unchangeable. The primitive community will, therefore, furnish the necessary facts, and much less to distract the attention of the reader. To them, then, is the appeal.

A laborer works for a farmer in a new country destitute of money. The farmer, of course, cannot pay money; he has none. But he has received a service for which he stands debtor. The laborer may, or may not, desire something owned by the farmer. If the laborer wants butter and the farmer has a surplus, no money is needed. The exchange is direct; the laborer receives for his service its equivalent in butter. If the farmer has nothing desired by the laborer, how is the latter to be compensated for his work? In the absence of money or some similar instrumentality, the farmer might exchange with a neighbor and thus get the commodity required by the laborer. The difficulties that might be encountered here have already been pointed out. The laborer might accept something the farmer had, and make the exchange himself. The difficulties would not be obviated; they would be merely transferred. A little reflection would remind the farmer that his neighbors *frequently* desire his commodities. He suggests this fact to the laborer, who at once recollects that such are invariably the conditions in all communities. So far, then, there is no doubt. If an honest man, the farmer has invariably been trusted by his acquaintances. At once, in his mind, the cause is clear. He owes the laborer one day's labor. He writes the following:

"Due the Bearer one day's labor."

FARMER.

Would not this pass at par in that neighborhood? Would not the very first person having, to spare, the product required by the laborer, exchange it for this evidence of the farmer's indebtedness? Has not the experience of all been the same? In this respect, all communities are substantially alike, and will be forever. The common weal requires a universal exchange of services. This demands that the money employed in effecting the exchanges must clearly and fully express the relations of all parties. For this purpose, the farmer's due bill is immeasurably better than gold and silver. It does not, indefinitely, express an obligation to pay one dollar; the obligation is to pay an equivalent for one day's labor. Systematic business imperatively demands that every producer must keep trace of all labor expended in production. If the community in which the simple little due-bill originated has complied with this requirement of exchange, the instrument is one not of convenience merely; it is an instrument of justice. The holder is entitled to receive of the farmer a commodity produced by one day's labor. The rate of exchange is wholly independent of the desires, necessities, opportunities, or relative degrees of shrewdness of the parties. If the laborer had received a dollar, instead of the due-bill, all future exchanges effected by its use would have been consummated, perhaps, only after much waste of time; or worse still, probably at a gain to one of the parties, and, of necessity, a loss to the other. Such is the character of money throughout all Christendom to-day; such it has been more than two thousand years. Its lack of intelligibility invests it, in public estimation, with magical powers; hence the exchanges of industrial products effected by its use, are a disgrace to civilization. The farmer's due-bill, to which allusion has been made, though lacking one very essential quality of a universal medium of exchange, is infinitely superior to any money based upon present theories. As a general medium of exchange, that instrument lacks the feature of universal acceptability; it is current only within the sphere of the farmer's acquaintance.

Still confining the illustrations to the conditions of a small community, it is not difficult to add to the local currency that feature of general acceptability required in extensive commerce. In the primitive community, the due-bills of the reputable citizens would be accepted in exchange for goods, or in payment of balances. Under such circumstances it would be the extremest folly to import the precious metals, to serve as money in their local exchanges. Would gold or silver be indispensable in effecting exchanges with other communities? They would not. The truth of this answer is susceptible of irrefragable proof. All will admit that an annihilation of the precious metals would not annihilate exchanges; the latter are, therefore, not inherently dependent upon the former. Whether or not these metals are a convenient medium of foreign exchanges, is quite another question. If a community, in which gold is not found could exchange with others only through the instrumentality of a gold currency, they could not exchange at all; they would have no means of obtaining the gold except in exchange for their products. The magical powers of the precious metals exist only in the imagination. Values in relation to them, are subject to the same conditions as those relating to other commodities; they are proportional to the labor expended in their production. Exchanges will arise between communities as between individuals, if the circumstances are such that each can meet the desires of the other by furnishing what that other can not produce for itself; or, if both are capable of producing the same kinds of commodities, each must be better adapted than the other, to the production of special commodities. In the former case, each gets, by exchange, what he could not produce himself; in the latter, each gets more cheaply what he might produce himself. Communities exchange commodities for commodities; philosophically speaking, they exchange services rendered in connection with the commodities. The money used for this purpose, therefore, should be evidence of services given by the holder.

The due-bills heretofore mentioned need, for greater efficiency, a feature which is indispensable in an instrument used to effect exchanges between different countries. The currency of such instruments requires that those who issue them be men of the highest repute and generally known. The impracticability of the latter feature is a serious defect in money of limited circulation; it is fatal to its use in effecting exchanges between different communities. The lacking feature is authenticity. How can this be supplied?

In a particular community, isolated, commercially from the rest of the world, the due-bills issued as evidence of services rendered by the holder, might be approximately authenticated by the endorsement of all through whose hands they pass. This, if not impossible, would be a great inconvenience. The endorsement is properly a function of government, as it is a matter of much importance to the whole people. All legitimate governmental authority is derived from the people, whose welfare is its only object. The government of a small community might be a pure democracy, the legislature consisting of the whole people. Whether the government be simple or complex, its money requires public endorsement to give it that authenticity demanded in a matter of such vast importance to the general weal. The government can no more *create* value than it can create weight; it can authenticate instruments for measuring weight; it can give authenticity to evidences of value.

In a small community whose government is simple, the instruments of exchange might receive public endorsement through agents appointed for that purpose. These might be authorized to exchange the public credit for that of individuals, under such restrictions as would insure perfect safety. The agents of the people should be authorized to exchange the public for individual credit, on well defined principles, and to a limited extent, only. The individual currency should be issued, not exceeding a small per cent. of the individual property, and *never* without service rendered by the recipient. The essential characteristic of money is, that it represents service given by the holder, for which he is entitled to an equivalent. Therefore, logically, service is an indispensable condition precedent to the *rightful* possession of money. It will be observed that the services required of the agents having charge of the public credit, are substantially the same as those now rendered by banks; hence, nothing new would be required, in ascertaining the responsibility of those wishing to exchange their individual credit for that of the public. Stripped of all the mysteries with which false theories of value and exchange have invested it, such is the nature of paper money. If constructed in harmony with economic principles, and duly authenticated, it is competent to effect all the exchanges of a world-wide commerce, crossing unchallenged international lines, and arrested only by the limits of civilization itself.

The principles of a metallic currency are identical with those of a paper currency. The function of gold used as money, is precisely the same as that of paper, used for the same purpose. As an instrument of exchange, paper represents service given by the holder; used for the same purpose, gold represents the same fact. A precedent service is, therefore, indispensable to the validity of either. All notions of the magical powers of gold are handed down from a barbarous age, along with theories of exchange harmonizing with those pertaining to human rights in general. The governed were supposed to have no rights which the rulers were bound to respect. The superstition of the ignorant masses was a potent factor in the governments of those times. Ignorant of their own rights and duties, as well as of those in authority, the people imagined that the rulers were sustained by super-human power. Hence, in the estimation of the people, governors were more than mortal. The love of approbation is inherent in human nature; each individual desires the respect of his fellows. In an ignorant age, this is secured through manifestations of physical power and visible personal adornments. The object of these adornments being to distinguish the person, they must be of various kinds; otherwise they would have no significance. By this standard, superior worth, in the public estimation, would attach to him whose personal adornments consisted of things beyond the reach of the people in general. To secure this pre-eminent distinction it was necessary to select, as the badge, material inaccessible to the masses of the people. This is pre-eminently the characteristic of what are known as precious metals and precious stones. In ancient times, the people were not allowed to appropriate these; they belonged to the king, who, according to the moral code of that age, conferred upon his favorites the sole privilege of gathering them. Of course, it was an age of slavery in which the work was carried on under the lash of a master. Those that possessed them, therefore, held the evidence of superior physical power, the sole evdience of superior worth in a barbarous age. Such is the origin of the theory, that by some mysterious process, the precious metals and precious stones have power to confer dignity upon their possessor! Preposterous as is this theory, it still prevails in this country, a memento of the false pretense that slavery perished amid the ruins of the "Southern Confederacy." The *institution* of slavery, indeed, went down with the Confederate flag; but the *spirit* which animated it still dominates all the marts of trade. All notions of the magical powers of the precious metals, inherited from barbarous ages, must be discarded, before their use as money, can, with any tolerable degree of equity, result in distributing the products of industry among those whose labor produces them. Even then, it is not improbable that paper money based upon correct theories of exchange, is preferable to a currency of gold and silver. It is *possible* that a currency consisting of both would be preferable; but, if either should be used to the exclusion of the other, the *paper* money has most to recommend it as an exclusive currency.

Assuming that the wonderful powers commonly ascribed to the precious metals are purely imaginary, what preliminary facts are essential to the construction of a metallic currency adapted to correct theories of exchange? The first unquestionably relates to the value of the metal. This, again, requires statistics as to the amount produced and the labor expended in production; these are absolutely indispensable. Gold or silver, like other substances, becomes valuable only through labor. Two facts, only, are essential in determining the value of either; neither fact is difficult of attainment. A small fraction of the time and expense given in attempts to adjust the metallic currency to present theories, would furnish the facts requisite to place the medium of exchange upon a basis as intelligible as that of weights or measures. Instead of sending commissioners abroad, on a fruitless errand, as has been done in attempts to reconcile the irreconcilable theories of *international* currency, let Congress appoint a commission to gather statistics relating to the production of gold and silver, and thus secure a reliable basis to support the *national* metallic currency. A properly constituted national currency, is perfectly adapted to all the requirements of international exchange. As in all other departments of labor, the ultimate fact to be elicited is the average product of a given amount of industry. If both gold and silver are to be used as money, statistics are required from all regions producing these metals. In this manner, only, is it possible to give intelligibility to a metallic currency. Suppose the statistics show, that, on an average, one day's labor produces 100 grains of gold; and the same amount produces 1,600 grains of silver. From this it would follow that 100 grains of gold or 1,600 grains of silver is an equivalent for one day's labor; also that one grain of gold is equal in value to 16 grains of silver.

Laying aside all prejudices resulting from theories inherited from the dismal past, is not the theory of metallic currency above suggested immeasurably superior to that sanctioned, only by immemorial custom? In the light of these facts, is it not the height of absurdity to send agents abroad to make an agreement as to the rate at which gold shall exchange for silver? If the representatives of all nations should meet at Paris and declare the French meter equal to one yard and a half, the very school-boys would laugh at their folly. The relative magnitude of two measures is fixed in the nature of things; so it is with the relative value of two metals. A universal medium of exchange would undoubtedly greatly facilitate international exchanges; but it is unattainable, without a universal abandonment of current theories of value. If the assembled agents of all nations were supplied with the proper statistics relating to mineral productions, and were inspired by a correct theory in manipulating them, there would be no discord in their councils; a simple arithmetical operation would, at once, settle the point at issue. It must be remembered, that economic principles are universal and immutable; no reliance can be placed on theories of exchange inconsistent with these; therefore money, the instrument of exchange, must comply with the requirements of economic law.

With the necessary statistics before them, Congress could proceed intelligently in constructing a metallic currency infinitely superior to that at present used. The one in present use is wholly unintelligible. What is a dollar? "One hundred cents." What is a cent? ——. Absurd as it appears, this represents the popular notion of the metallic monetary unit. But what *is* a gold dollar? "25 4-5 grains of standard gold." This answer expresses the material and the weight of the gold dollar; but no information is given as to its value. No one *knows* its value; this feature is as unknown as is that of wheat, lead, corn, hats, or any other commodities. Yet it is said that this bit of metal is a measure of value! Its weight is known; its value is unknown; it might, therefore, be used in measuring the former, but it can no more measure the latter than it can the flavor of butter. If one exchanges a bushel of wheat for a gold dollar, it is said that the relative values are determined by the operation. This is not true; nothing is settled except that the owner of the dollar preferred the wheat to the dollar, and the owner of the wheat preferred the dollar to the wheat: the desire of the former for wheat, was stronger than his desire for gold; the desire of the latter for gold, was stronger than his desire for wheat. Desires are far from identical with value; neither of them can measure the other; there is not a particle of similarity between them. If, on an average, the labor expended in producing a bushel of wheat is equal to that expended in producing the gold in a dollar, the value of the former is equal to that of the latter. The gold or silver coin, therefore, should have impressed upon it its labor-cost.

If the average amount of gold produced in a day is 100 grains, these are the essential facts to appear on the coin. A similar coin weighing 50 grains would equal in value one-half day's labor; one weighing 25 grains would represent one-quarter of a day; one of 10 grains would represent an hour, a day being ten hours. Money constituted as here suggested, would be free from all mystery; would be perfectly intelligible; and would be in harmony with economic law. Every coin would represent a definite service rendered by the holder, thus complying with the indispensable requisite of all instruments of exchange. If silver coins are also used, they must express the same facts; the relative value of gold and silver coins of the same denomination depends entirely upon the relative cost of producing these metals. If, on an average, sixteen times as much labor is required to produce a given quantity of gold as in producing an equal quantity of silver, this determines the relative weight of the coins. If 100 grains of gold represent a day's labor, 1,600 grains of silver represent the same fact.

From the preceding discussion, it is seen that money is an inestimably convenient instrument of exchange. It represents service given by the holder; but it does not measure value. Anything that performs the function of money is money. It may consist of paper, gold, or silver; it *might* consist of wheat, iron, lead, or any other product of labor. The material used is a matter of mere expediency. Much labor is required to get gold and silver; hence, a small quantity of either of these metals expresses a value equal to that of a large quantity of other products of industry. These metals will not rust; hence, they will last a long time. They are susceptible of being divided without loss. They are easily stamped. They possess numerous other properties of utility which makes their possession desirable; but these have nothing to do with their monetary character. Of all substances paper is, perhaps, the most convenient material for money. If based upon correct theories of exchange, it is probable that an exclusively paper currency would answer, perfectly, all demands of the most extensive commerce. Its exclusive use would, at least, forever rid the world of the nightmare superinduced by the magical powers with which the superstition of a barbarous age invested the precious metals. The notion that gold or silver is the only real money, is a relic of that age in which nations waged war for the possession of these metals, then supposed to constitute the only *real wealth*. Of whatever material the money be composed, it must express simply the fact of *service* given by the holder, and the *amount* of such service.

Recapitulation. The diversity of soil, climate, hydrographical features, mineral productions, and relief of country, offers a great variety of opportunities, to utilize which, for the common weal, requires exchanges among all the producers throughout the world. The division of labor demanded in producing the great variety of commodities required to satisfy the desires of all, is a second potent factor inducing men to trade. The skill developed in the various departments of industry, is a third factor, of wonderful power in the production of wealth. A commerce based wholly upon these conditions would be a blessing to all mankind; instead of being divided, as at present, into winners and losers, all would be gainers.

The legitimate gains are not in values; they are in utilities. A gain in value implies a loss to one of the parties; it violates the economic maxim that service given must equal service received. A gain in utilities implies no loss to either party; in these, both are gainers, not, perhaps, invariably, but generally. The latter are the only legitimate inducements to exchange.

Whatever may be the commodities exchanged, the real exchanges are in services; this is no less true amid all the complexities of modern commerce than it was when, in early times, the hunter exchanged with the fisherman.

Profits secured through increased utilities are *legitimate;* those secured through increased values are *spurious.* Allowing the latter to usurp the place of the former, has obliterated all *moral* distinction between exchange and gambling. Vain is the hope to rid the world of the effect, except through the removal of the cause. Until this is accomplished, the lucky few will live in ignoble splendor, surrounded by the luckless many, whose services have reared the palaces, in which luxurious Idleness mocks the miseries resulting from unrequited industry. Such is the penalty attached to the violation of economic law; its principles are inexorable.

Money is not a measure of value; it is an instrument to facilitate exchanges. Its function is to represent a service rendered by the holder. Hence, service is an indispensable condition precedent to the legitimate possession of money. The money in present use lacks a very important feature of a perfect instrument of exchange; it represents no definite value. Whatever evil has resulted from its use, is attributable to this fact.

The only difficulty in the way of constructing a perfect instrument of exchange is prejudice—a formidable obstacle, but not insurmountable. Let all notions of the indispensable necessity of the precious metals be discarded, and the necessary statistics be obtained and utilized in accordance with the legitimate theories of exchange, and the material used as a currency will be a mere matter of convenience. It may be gold and silver, or paper; it may be all these. In any event, exchanges will be effected mostly through the instrumentality of a paper currency, in the form of due-bills, notes, checks, and drafts; these lacking merely the feature of authenticity required in a universal instrument of exchange.

The treasury notes, known as green-backs, slightly modified, would answer all the requirements of commerce, both domestic and foreign. The modification demanded is that they should express service rendered by the holder for which the nation is bound to render an equivalent; until this is done, the obligation is not discharged. This requires that the holder of a green-back receive an exact equivalent for the service rendered by him as expressed in the instrument of exchange. This not being definitely expressed on the face of the green-back, is a fatal defect in that instrument. Let a definite amount of service take the place of the term *dollar*, and the money is complete; all the mysteries of money will disappear; and it will be used merely as a medium of exchange, instead of being, as at present, *worshiped* as an idol.

ESSAY 3.

INTEREST, RENT, CAPITAL AND LABOR.

Strictly speaking, Interest is a compensation paid for the use of money. There is now, and always has been, a vague indefinite notion, widely prevalent, that taking Interest is not in accordance with the principles of justice. On the other hand, as it comports with the current theories relating to profits, in which chances are offered of getting something for nothing, and, as it is sanctioned by immemorial usage, its advocates ridicule the idea that its legitimacy is, in the least degree, suspected. Its discussion is attended with immense difficulties, in consequence of the current theories of exchange, of which it forms a part. So long as these dominate the commercial world, the advocates of Interest will have the advantage in the discussion. If, in a single instance, it can be shown that one may rightfully exact a greater service for a less—that is, some for nothing—there is no resisting the conclusion that Interest may be rightfully taken; the maxim, that the service given should equal that received, if legitimate, is universal; if it is not of universal application, it has no place in economic science.

So deep seated, in the public mind, is the notion that one may take into the account the good another receives from his services, and charge the recipient for the benefit thus conferred, that it is necessary, before proceeding to the discussion of the problem of Interest, to illustrate the incorrectness of this doctrine. If this can be successfully done, the question of Interest will be much simplified.

If the effect upon the recipient of a commodity or a service, in anywise modifies the claim of him who furnished it, the latter might become debtor, instead of creditor, by the operation. If the seller of an axe is to charge the buyer for the prospective benefit conferred, logically the former would be responsible to the latter for any prospective injury resulting from the transaction; if the latter should cut his foot, the former would be responsible for damages. Absurd as is this conclusion, it is no more so than is the notion, that the recipient of a service is responsible for the benefit received. One has his leg so crushed and mangled that amputation is necessary to save his life; the surgeon is called and performs the operation: What is the basis of his fee? Is he to charge for the benefit conferred? The result of his services is a life saved. May he take that? If not, the basis of his fee is not the benefit conferred. For what, then, is he entitled to compensation? Merely for service rendered. No one would contradict this conclusion. But, if service given is the sole basis of compensation, in this instance, such must be the case universally. Such extreme cases are not generally supposed to be fair illustrations. Why are they not? If benefit conferred, instead of service given, is the basis of compensation, the amount of fee can be limited, only by the benefit conferred. By ancient custom, the surgeon would be justified in making his patient a slave. Modern custom would forbid this, but it would permit the surgeon to extort a fee wrung from the patient's necessities, instead of limiting his demand to mere compensation for service given. The humane impulses of the present age frequently, if not generally, restrain men from doing what the current theories permit; though extortion enters largely into all departments of exchange, thus enriching one party at the expense of another There is no escaping such result without first abandoning the theory from which it flows. Rigidly adhered to, the maxim, "Service given, not benefit received, is the sole basis of compensation," would eliminate the element of extortion from all commercial transactions. and insure justice to all by distributing the products of industry in accordance with the principles of strict equity. Any deviation from this maxim, degrades exchange to the level of gambling, and divides the world of industry into the two classes of winners and losers, thus enabling the former to accumulate wealth without merit, while the latter are reduced to poverty, it may be, without fault. If such conditions are in consonance with the principles of justice, as interpreted by the people, they will never rid themselves of the practice of seeking to accumulate wealth by taking Interest. Those who fully comprehend the fact that a service is the indispensable condition precedent to every just claim for compensation, are justified in challenging the practice of taking Interest. From this standpoint the argument will proceed in this Essay.

A farmer has in his cellar 20 bushels of potatoes, saved for home-consumption; his neighbor borrows 5 bushels, to be taken and returned at his sole expense and trouble. Is there any basis to support a claim on the part of the farmer for compensation? If the potatoes are returned without loss to him, is he not in precisely the same condition that he would have been, had he not loaned to his neighbor? If he exacts, in return, a bushel more than was taken, is not his wealth increased without increase of service? Is it not to *him* precisely as if some one had donated one bushel of potatoes? It must not be forgotten that the benefit received by the neighbor, has nothing to do with the claim for compensation; this must have, for its support, a service given by the farmer. A service necessarily implies an effort as its indispensable accompaniment. If the farmer expends no effort, he renders no service; he is, therefore, entitled to no compensation. Under such circumstances, taking, from his neighbor, the bushel of potatoes, would be extortion, as it would be wringing, from the necessities of another, something for nothing. If this is precisely analogous to taking Interest, the two must stand or fall together; money has no inherent power differing from that possessed by any other species of property.

If two men take a job requiring the use of a certain machine, that can be obtained by five hundred days' labor, both might perform the work required; the machine would, then, of course, be their joint property. Or one might earn the machine while the other is earning money; the machine would, then, belong to him who earned it. It requires one year, each working 300 days, to complete the job, for which they receive $1,200. Whether the machine is joint or individual property, it is deteriorated in value for the common benefit; the loss to the parties should, therefore, be equal. The two, in 300 days, earn $1,200—equals $600 apiece; this is two dollars a day, the same as that allowed in earning the machine. If one party earns the machine valued at $1,000 while the other—presumed to be an equally efficient laborer—is earning money, the wages of the latter amount to $1,000; equal wages are due for equal services. Ignoring the fact that the machine is deteriorated in value by a year's use, the record would stand: In all, each has worked 800 days; the owner of the machine, 500 in earning that, and 300 in doing the job; the other, 500 in earning money, while the former is earning the machine, and 300 in doing the job; the first has, for his 800 days' labor, his machine valued at $1,000, and $600 earned, in doing the job—total $1,600; the latter has $1,000 earned while the former was earning the machine, and $600 for doing the job—total $1,600. If the machine were not deteriorated by use, this would be equal justice; the parties receive equal compensation for equal service. Under such circumstances no compensation would be due for the use of the machine.

But universal experience teaches that machines are consumed by use; hence this is an important element in the problem. A machine worth $1,000 at the beginning of the year, must be worth less at the close. In the case under consideration, the diminution in value being for a common benefit, should be equally borne by the parties benefitted. If the machine is worth $200 less in consequence of the use and this diminution were ignored by the parties, the record would stand: At the end of 800 days' labor, the owner of the machine would have that left, equal to $800, and $600 for doing the job—total $1,400. The other would have $1,000, earned before commencing the job, and $600 for doing the same—total $1,600. For 800 days' labor the former has $1,400; for the same, the latter, entitled to no more, has $1,600. This inequality results from the deterioration of the value of the machine for the common benefit of both parties. The injustice of this is seen at a glance; two equally efficient laborers each work 800 days, one getting $200 more than the other. Justice demands that the recipient of the $1,600 should give $100 to the owner of the machine. The record would then stand: Owner of machine has $1,400 plus $100, equals $1,500; the other, $1,600 minus $100, equals $1,500. Each party gets $1,500 for 800 days' labor, or $1.87½ a day.

If the owner of the machine should set up a claim for Interest, in addition to the compensation for deterioration of his property, the record would stand: Owner of machine for 800 day's labor, has $1,500 plus $30 Interest—total $1,530; the other, $1,500—$30 Interest paid—total received for 800 days' $1,470. This gives the former $60 more than the latter, though both have worked the same number of days of the same degree of efficiency. However much it may be at variance with current theories, the assertion is here made, without fear of successful contradiction, that the man does not live who is able, by argument, to justify any claim for interest due the owner of the machine.

Attempts are commonly made to justify taking Interest, as above specified, on the grounds that those from whom it is exacted may preserve the equilibrium by loaning *their* money. This will not do; this is begging the question; the *right* to take Interest is the very point under discussion. A wrong practice cannot be justified by permitting another wrong to neutralize its evil effects. Interest is the party on trial; it must not be made referee in its own case.

If the laborers referred to in the preceding paragraph, borrow $1,000, with which to purchase the machine, could the one loaning it justify a claim for compensation for its use? Showing that such has been the practice in all ages, falls far short of justification; the antiquity of the custom is itself a suspicious circumstance. Laying aside the prejudice born of ancient customs, let the theory of Interest be tested by an appeal to facts, open to inspection by all. Assuming, as before, that the $1,000 is the compensation received for 500 days' labor, and that its previous possessor continues working while the borrowers are using it in doing the job, each of the three, then, assumed to be laborers of equal effieiency, while the money is employed in the business, works 300 days. Wages being $2 a day each should receive $600. But the machine is reduced in value $200, and the owners must pay $60 for the money with which it was purchased. The record then stands: The one from whom the money is borrowed receives during the year $600 for labor, and $60 for the use of his money—total $660. The other two have the machine, reduced in value to $800, and $1,200 received for doing the job—total $2,000, out of which they must pay $1,000, money borrowed, and $60 for use of the same, leaving a balance of $940 to be divided between them; this leaves to each, $470. Each of the three should have received for his services $600; one receives $60 more; each of the other two, $130 less. This discloses another source of loss to the two who do the job; they received but $1,200 for their work and the deterioration of their machine; they were entitled to this for their work alone. They should have received $200—equals $100 each—more for doing the job. [This will more fully appear in the discussion of the relation of Capital and Labor]. This leaves only a loss sustained in paying Interest. The one from whom the money is borrowed receives $660; each of the others, if paid for the deterioration of their machine, by those for whose benefit it was partially consumed, would receive $570, equals $90 less than that received by the Interest-taker, whose services entitle him to no greater compensation than either of the others. If each of the two, not expecting to have use for it, at the time of borrowing the $1,000, had put out $500 at the same rate, he might have secured himself against loss by transferring the burden to some other person; otherwise his loss is irretrievable. That which compels one to inflict a loss upon others to avoid sustaining loss himself, is absolutely indefensible. It is, perhaps, time to restate the maxim, that service given—not benefit received—is the sole equitable basis to support a claim for compensation. No sugar-coating of Revelation can save the current theories of Interest. If service were not the basis of compensation, the physician's fee would depend upon saving the life of his patient.

Failing to justify the theory of Interest, by appealing to economic principles—so strong is the influence of custom—writers frequently assert that abstinence is a sufficient basis to support the claim. It is said that one should receive compensation for denying himself the pleasure of using his money for the gratification of his present desires! On this theory, the compensation is not due for service given; it is due for *suffering endured!* Abstinence, so far as it suppresses desires the gratification of which would be injurious, is a virtue, worthy of the highest respect; but it can no more raise a claim for pecuniary compensation than can one's religious belief. Abstinence is as far from being a commercial commodity as is truth or honesty. Even admitting that those having money to loan, are more abstinent than the borrowers, this would afford no foundation to support a claim for pecuniary compensation. Abstinence has its reward in the superior moral and physical welfare of those who practice it; a reward infinitely greater than any mere commercial consideration. As a matter of fact, it is extremely doubtful whether or not the most abstinent, are those having money to loan.

It is said that money is accumulated by saving. This is a very pernicious half-truth; the getting must of necessity precede the saving. The former is of more importance than the latter: one may get without saving; but vain would be any attempt to save without getting. It is an absurd assumption that saving is more commendable than getting, provided the latter is effected through legitimate industrial enterprises.

In consequence of the maladjustment of the mechanism through which the distribution of wealth is effected, it is impossible for the greatest part of the wealth producers to save, as the compensation received for their services, is not sufficient to defray necessary current expenses; they have, therefore, no surplus, and consequently nothing to save. If a laborer whose family consists of five persons receives $1.50 per day, for three hundred days of service given during the year, he would receive $450; this is an annual income of $90, for each member of the family. Where is the surplus to be saved out of this miserable pittance? It may be confidently asserted that any saving, under such circumsances, must be at the expense of the welfare of the family; instead, therefore, of being commendable, such mock economy is reprehensible. The income above referred to, is, perhaps, *greater* than that received by millions of those who, even in this country, toil early and late; and yet they are taunted with being spendthrifts, because they expend their income in supplying necessaries for their families, and trust in God for other days and equal or better opportunities in the future! "Take no thought of to-morrow," is a precept founded on high authority no less than the deepest philosophy. There is no dereliction of duty on the part of those whose faith in the future permits them to properly attend to the affairs of the present. Abstinence is a virtue, only when it restrains the desires from perversion; it is a vice, if it sacrifices the interests of the present to those of the future; each has its legitimate demands.

Those that have saved are not necessarily more abstinent than those that have not. That one whose salary is $1,000 has saved $500, is far from proving him more abstinent than him whose salary is $450, and who has saved nothing. Neither does the fact that the former has spent $50 more than the latter prove that he that has spent the least is the most abstinent; had the income of the latter been greater, he might have spent more. If one whose income is $10,000 saves $5,000, and another whose income is $500, spends it all, is the former necessarily the most abstinent? Of course, no one can answer, either affirmatively or negatively; the necessary facts are not elicited. It is not proven that the loaners are more abstinent than the borrowers of money; the reverse is probably nearer the truth. It matters not, so far as Interest is concerned: abstinence is not a proper basis to support a claim for a pecuniary compensation. If at all then, Interest must be justified as a compensation for service given. The illustrations already given are believed sufficient proof to show that merely *permitting* another to use one's money, is not a service given for which the loaner of the money is entitled to compensation. The taking of Interest is in violation of the fundamental principles of equity in exchange. There is, indeed, a benefit received by the borrower, but no service given by the lender; hence, no compensation is due the latter. Interest, therefore, being destructive of the equilibrium which should subsist between the services given and those received, is inconsistent with the equities of enchange.

The notion is almost universal that no one would lend his money without compensation for its use. If this were true, it would not justify the practice of taking Interest. But is it true? This is somewhat analogous to the notion that people would not trade except in anticipation of profits. That profits are the inducements to exchange, is true. It has, however, been shown, in the preceding Essay, that profits are of two kinds: there may be an increase of values or the same of utilities; the former are *spurious*, the latter, *legitimate*. In this, the gain is mutual; in that, the gain by one necessitates a loss to the other. Increase of wealth, effected through taking Interest, is, in principle, like that resulting from spurious profits. The gain derived from lending money without Interest, like that derived from increased utilities in exchange, is mutual. If the borrower invests the money, in a machine which increases the efficacy of his labor, less service will be required in producing commodities; as these require less labor, they will possess less value; hence less service of others will be due in exchange for them.

A community having easy access to forests affording an abundance of lumber, and having sufficient water-power for its manufacture, but far removed from saw-mills, would, if wise, furnish the requisite means for erecting a mill at home. The primitive method of hand-manufacture, which they must employ, in the absence of mills, would require an enormous outlay of labor in the manufacture of lumber. In ultimate analysis, as has been illustrated in the Essay treating of the laws of exchange, the legitimate cost of all commodities depends, wholly, upon the labor expended in their production. The amount of labor necessary for the manufacture of lumber by machinery, is very small, compared with that required for manufacturing it by hand. Here, then, is an inducement for the members of that community to lend their money to any responsible party who would employ it in erecting a mill—an inducement very much stronger than is ever offered by the most excessive rate of Interest. If the sum of $5,000 is loaned for the erection of the mill, the returns for Interest would be $300. The cost of manufacturing lumber by hand is not known, but there is no doubt that it would be, at least, twenty times as great as that of manufacturing by machinery. If the cost by the latter is $2.50 per thousand, by the former it would not be less than $50—a difference of $47.50, in favor of the former. If the community require 100,000 feet of lumber, the saving to them, in the cost of manufacturing, would be $4,750. This shows an inducement to loan money, nearly sixteen times as great as that offered in the theory of Interest. This reasoning is based upon the assumption that the owner of the mill is entitled to remuneration for the deterioration of his property, and for service given in manufacturing the lumber. If the former amounts to $500, and the latter, including hired help, amounts to $1,500, he is entitled to $2,000—all for services given: the $500 for previous services, ending with the completion of the mill; the 1,500, for services ending with the manufacture. It is well to remark, that the compensation is due, not for what the mill does, but for what the owner does. The inventor of a machine is entitled to compensation for service given in determining the principles upon which it is constructed; the manufacturer of the same is entitled to compensation for service given in its construction; the owner is entitled to compensation for any deterioration resulting from its use; the user is entitled to compensation for directing its operation. If either exacts more, he violates the fundamental maxim of exchange, that the service given should equal that received. This must be borne in mind, in order that it may be clearly seen that obtaining commodities with a much less outlay of labor, is a much stronger inducement to loan money than is the most exorbitant rate of Interest anticipated for its use. Therefore, Interest is not necessary as an inducement to loan money. As previously shown, taking Interest destroys the equilibrium that should subsist between the services given and those received. It has also been shown that abstinence is no ground for a pecuniary compensation. Hence taking Interest, or compensation for the mere *use* of money is in violation of economic law; and the plea of necessity set up in defense of the practice having failed, the violation is without excuse.

Rent. Rent is said to be a compensation for the *use* of land. If the compensation is for service given in improving the land, it is legitimate; but, if it is claimed for the mere *use* of the land, it is in violation of the economic principle, that service given is the sole basis of all legitimate claims for compensation. In discussing this subject, it is necessary to bear in mind these two uses of the term Rent.

In discussing the theory of Rent, as a compensation paid for the use of land, writers illustrate its origin as follows: In all countries, are lands of various degrees of fertility: Some is very fertile; some, moderately so; some, slightly so; and some, comparatively sterile. If the most fertile lands are capable of producing 40 bushels of wheat per acre, and are all appropriated, while the second grade is capable of producing only 30 bushels, the Rent of the best lands would be 10 bushels per acre. If the first and second grades were all appropriated and capable of producing as above specified, while the third is capable of producing 20 bushels, the Rent of the first would be 20 bushels, and that of the second would be 10 bushels. If the first, second and third grades were all appropriated and the fourth is capable of producing 10 bushels, the Rent of the first would be 30 bushels; that of the second, 20 bushels; that of the third, 10 bushels.

The key to the above theory is found in a statement made by an eminent English economist, John Stuart Mill. He remarks as follows: "Landed proprietors are the only class, of any numbers or importance, who have a claim to a share in the distribution of the produce, through their ownership of something which neither they nor any one else have produced." This at once condemns the theory, unless it can be shown that God has created a class with rights superior to those of their fellows; the universal condition precedent to a claim for compensation, is service given. It is an historical fact that the landed proprietors of England came into possession of their lands through force--a poor foundation, upon which to base a claim of right—and the present proprietors hold possession by the same means.

The author above named, in another part of his discussion, says: "When the 'sacredness of property' is talked of, it should always be remembered that any such sacredness does not belong, in the same degree, to landed property. It is the original inheritance of the whole species. Its appropriation is wholly a question of general expediency. When private property in land is not expedient, it is unjust. The reverse is the case with property in movables, and in all things the product of labor; over these, the owner's power both of use and of exclusion should be absolute, except when positive evil to others whould result from it; but, in the case of land, no exclusive right should be permitted in any individual which cannot be shown to be productive of positive good. To be allowed any exclusive right at all, over a portion of the common inheritance, while there are others who have no portion, is already a privilege. No quantity of movable goods which a person can acquire by his labor, prevents others from acquiring the like by the same means; but from the very nature of the case, whoever owns land keeps others out of the enjoyment of it. When land is not intended to be cultivated, no good reason can in general be given for its being private property at all. Even in the case of cultivated land, a man whom, though only one among millions, the law permits to hold thousands of acres as his single share, is not entitled to think that all this is given to him to use and abuse, and deal with as if it concerned nobody but himself. The rents or profits which he can obtain from it are at his sole disposal; but with regard to the land, in everything which he does with it, and in everything which he abstains from doing, he is morally bound, and should, whenever the case admits, be legally compelled to make his interest and pleasure consistent with the public good." Consistent with the public good! how can permitting certain individuals to exact compensation, without right, be consistent with the public good?

Rent, based upon the theory illustrated in a preceding paragraph, when stripped of the mask with which its deformity has been hidden for hundreds of years, stands revealed as an economical monstrosity, which has filled the world with ignoble pomp and pinching poverty. According to Mr. Mill, it permits the landed proprietors to share in the products, without contributing anything to their production. Is this "consistent with the public good?" Does not the noted Economist say of land, and that truly, "It is the original inheritance of the whole species?" If it belongs by inherent right to the human race, and not to a particular class, upon what principle of justice can a claim for compensation for mere *use* be based? Naturally, have not all an equal right to use the land? Can this right of *all* be transferred to a *few*, by a mere appeal to a custom bearing no credentials of authority, except the cobwebs of past ages?

The working of the theory of Rent referred to above, may be illustrated as follows: If a country limited in area, to one hundred square miles, consists of four different grades of soil, as previously specified, having respectively the productive capacity of 40, 30, 20, and 10 bushels per acre, the territory consisting of an equal number of square miles of each, and the lower grades unoccupied, every acre of the higher grade would draw Rent, provided it is all appropriated. As the latter grade is capable of producing 40 bushels per acre, while the second grade is capable of producing but 30, little more labor is required to produce 40 bushels on the superior than to produce 30 on the inferior land; hence anyone desiring the use of land in that country, except the occupants of the best land, would be induced to pay nearly 10 bushels per acre for the privilege of using the latter. If the twenty-five square miles of land, the most productive, is sufficient to supply the demand, the next grade below will draw no Rent, because the use of the former can be had at a rate not exceeding the difference in the productive powers of the two grades. As it is, evidently, a system of extortion, the holders of the superior land will demand all they can wring from the necessities of those desiring to use the land; the extreme limit is 10 bushels, the difference in the productive capacity of the two grades. Those, in need of land, would have left, after paying 10 bushels for the use of the superior land, 30 bushels per acre—precisely the same that they would have, had they, without paying Rent, expended their labor on the second grade.

If the first and second grades are all appropriated, and the first not sufficient to supply the demand for use, both will draw Rent. Labor expended on the third grade will produce but 20 bushels; on the second, 30; on the first, 40. After paying 20 bushels for the use of the best land, or 10 bushels for that of the second, the laborer would have left, 20 bushels per acre—the same as if he had, without paying Rent, expended his labor on the third grade. Under such circumstances the superior land which previously drew 10 bushels, now draws 20; the second grade which previously drew no Rent, now draws 10 bushels; and the third grade draws none. Twenty bushels for the best land, and 10 for the second grade, are the highest; practically, in each case, the Rent would be slightly below these figures; the exact amount is determined by the necessities of those in need, and the opportunities of those in possession of the lands.

If all the land in the first three grades is appropriated, and the demand for use is not fully supplied, the landless are left to choose between paying Rent to the occupants of the superior grades and accepting free of rent the poorest land. As the productive capacity of the superior lands is, beginning with the highest, 40, 30, and 20 bushels per acre, and that of the lowest grade but 10 bushels, it follows that the most productive land will draw, as Rent, 30 bushels; the second grade will draw 20; the third, 10; the laborer's net receipts would be precisely the same, whether he paid 30 bushels for the use of the best land, 20, for the second, 10, for the third, or worked the fourth free of Rent.

As those who attempt to justify the above theory of Rent, make no pretense that the more fertile lands are made so by the labor of the occupants, it follows, irresistibly, that the compensation demanded for their use is not based upon any service given; it is therefore, nothing, more or less, than *tribute* exacted from those who have an inalienable right to an equal share in *all* the bounties of nature. It is well, again to remark, that no man can rightfully take pay for what God has done; though practiced through thousands of years, it finds no warrant in sound economic philosophy. If, therefore, Rent has no better foundation than the above, for its support, it is inconsistent with the theory of "equal rights," and one or the other must fall. Which shall it be?

The chance occupancy of mineral lands, natural facilities for driving machinery, furnished by waterfalls, and the possession of oil territory are vast engines of extortion in the hands of those who control them. It is the false theory of Rent that permits the monopolizers of these bounties of nature to *extort* from their fellows, a large share of the products of industry. All the income received, by those having these superior natural opportunities, beyond a fair compensation for service given, is in the nature of that species of Rent already illustrated as being nothing less than *tribute* exacted from those who, by chance or otherwise, are not in possession of like opportunities.

Of the same species is the Rent derived from the possession of superior commercial facilities; some of these facilities are natural; others are industrial. The most important of the former are oceans, bays, lakes, and rivers; the bays afford protection to vessels while loading or unloading goods, and when these are awaiting transportation; the other three are the natural highways of communication between distant points. The industrial facilities are not independent of the natural, but they are, to a great extent, of human creation.

The natural commercial facilities are, evidently, the inheritance of all mankind: no one, therefore, can *rightfully* appropriate them and extort, from his fellows, pay for their use. All income derived from these, is *tribute* extorted by force instead of *compensation* for service given. Hence, any theory of Rent which tolerates such injustice must be condemned, though sanctioned by custom so ancient that the "memory of man runneth not to the contrary."

The industrial commercial facilities present a somewhat complex problem. In its discussion, will be met strong prejudice, the removal of which will be no small task. By immemorial usage, those occupying land in closely settled districts, have, in many instances, accumulated immense wealth through the instrumentality of Rent. The maxim, "What man has done, man may do," has much influence in perpetuating a system which *seems* to open a way to wealth, without the tedious process of earning it, through years of patient industry. The fact that the inordinate gains thus accruing to the *few*, are secured, only through the inevitable losses to the *many*, commonly escapes detection. It is not generally seen that this tends to make business a mere lottery, in which the prize secured by one, is conditioned upon a loss to all competitors. An attempt will now be made to illustrate the nature of Rent growing out of industrial commercial facilities.

A, B, and C are three farmers in the prime of life—all equally strong, active, industrious, skillful, and intelligent. No one of the three lives within fifty miles of either of the others. Each has 100 acres of land, equally well improved, as the result of twenty years' industry and economy. So far in life, all have received equal compensation for their services; this is as it should be—equal compensation received for equal service given. If A's farm is situated on the natural line of communication between some wealth-producing region and a market for commodities therein produced, and a railroad is built between these points, the wealth of A, in common with all land-holders along that line, will be increased through the instrumentality of that species of Rent resulting from superior industrial commercial facilities. At once, the equilibrium of the receipts of A, B, and C is destroyed; the receipts of the first are increased, without change in the amount of service given. If the location of A's farm is such as to make it desirable as a site for a depot, he, at once, becomes a millionaire. He is now a man of commanding presence: his lofty mien, his graceful movements, his keen eye, his classic features, and his transcendant genius are subjects of universal remark. Those who make heredity their special hobby, trace his lineage, in search of his noble ancestry, and the welkin rings with his praises. He is now in possession of the philosopher's stone, through which he holds communion with the genii having in charge all the secret springs of wealth and happiness. In rapid succession he mounts the successive rounds of the political ladder: from private citizen, to supervisor; from supervisor, to state legislator; from state legislator, to representative in congress. Surely, it is thought, he that has the power to spring at a single bound from the condition of an average farmer to that of a millionaire, must have the capacity to relieve plodding mortals of the necessity of seeking wealth through the tedious routine of industrial enterprises. But alas! the hopes so fondly cherished are not realized: the universal wealth anticipated is not forth-coming. The palace rises in stately grandeur in the midst of the hovels of those whose industry has contributed to the erection of this memento of commercial injustice.

It will be observed that wealth accumulated as above indicated, is not a consequence of any superiority of its possessor; he contributed little to its production. What, then, is its source? The most superficial observer whose attention is directed to the facts, will see that it results from superior commercial facilities—both natural and industrial. The former are the common inheritance of the Race; in these, all mankind are entitled to share. The latter are of human creation; these belong to *all* those whose industry has contributed to their production. Here, then, are two potent factors at work transferring the wealth produced, it may be, by thousands to a single individual, who thus becomes a millionaire indeed; but his vast accumulations are, mostly, the result of tribute exacted from his fellows. Rent as thus illustrated, like all preceding examples, is at war with the principles of eternal justice: so long as it is tolerated among men, no equitable distribution of the products of industry is possible. Therefore its elimination as a factor in the accumulation of individual wealth, is absolutely indispensable to the public weal.

Rent as a compensation for service given. There is a species of Rent radically different from that already illustrated: it is merely a compensation for service given.

Preliminary to the discussion of the nature of this species of Rent, it is necessary, again, to remark, that economic principles are wholly independent of political institutions. They antedate all legislative enactments, and are as persistent in their influence among the savages in the wilds of Africa, whose wealth consists, only of the spontaneous productions of nature, as among the most highly civilized people, whose industry and skill in modifying the natural products, have produced wealth which, if equitably distributed, would be the crowning glory of civilization. In the discussion of economic principles, therefore, it is necessary to proceed as if no political institutions were in existence. Ignoring this fact, political economy becomes a labyrinth into which, all who enter are lost among its gloomy caverns, in which are buried the hopes of millions whose fate has filled the world with despair. No wonder that economics is sometimes called the "Gloomy Science!" Let it be understood, then, that, in this discussion, no note is taken of the influence of political institutions. All are presumed to have the same rights; each may improve any tract of land not previously improved by another.

If anyone has, with spade, plow, or any other implement, cultivated a piece of land, there at once arises, as a consequence of that culture, a value in that land, proportional to the labor expended in the operation. There arises in that laborer a right of dominion over a specific part of what was previously the common domain; this right constitutes individual property in land. The civil authority, that is, the people, through legislative enactment, may, as a matter of temporary expediency, grant him the exclusive privilege of occupying territory beyond the limits of his improvements. But no such absolute right of property attaches to the unimproved as to the improved land. The same authority that granted the privilege of individual occupancy of the unimproved land, may, if expediency requires it, revoke the grant without compensating the grantee; he having given no service, the indispensable condition precedent to a claim for compensation. Not so with reference to the improved land: here is a valid claim for compensation due for labor expended in the improvement; this is an absolute right of which the individual cannot be deprived, even by the legislature. If the public good demands it, he that has improved land, may be dispossessed, if he is duly compensated for his labor. The only legitimate basis, therefore, for the ownership of land, like that of any other species of property, is the labor expended in its improvement.

If, as stated in the preceding paragraph, one improves a piece of land, he may rightfully claim compensation from any one using it; not for the *use* of the land, but for *service* give in its improvement. Here, as throughout all the realms of exchange, the equilibrium of the services given and those received must be preserved; else universal discord reigns supreme. If by industriously plying the spade, one has prepared for the seed, one acre of land, at an expenditure of three days' labor, the extent of his right is thereby fixed: he is entitled to an equivalent service from him who plants the seed, harvests the crop and appropriates to his own use the proceeds. The same principle must govern from the preparing of the soil to the marketing of the crop: he that plants, cultivates, harvests, and markets the crop is entitled to compensation for his services. If this brings the crop to the consumer, he discharges all obligation by giving in return, that which represents services equal to all those given from the preparing of the soil to the delivery of the proceeds. If, instead of being sold directly to the consumer, the crop is sold to a middle-man who transports it to the place of final consumption, he to whom it is delivered must, in addition to the original cost to the middle-man, pay him for his services, including the cost of transportation.

The above repetition of what is substantially stated in Essay second, is necessary in anticipation of objections founded on the imaginary profits which he that prepared the soil might have realized, had he planted, cultivated, harvested, and marketed the crop. This species of profits—in the Essay already referred to, styled *spurious*—is so fortified by custom, that it is difficult to draw the attention of the reader to its mischievous features. Hence, blinded by his prejudices, the superficial observer will declare that no exchanges would take place, if this pernicious species of profits were eliminated from the theories of trade. Those who thus reason, seem not to see that the wealth of the world is not, in the slightest degree, increased through this species of profits. It is, nevertheless, true that the only result effected through this agency, is merely a transfer of wealth from one to another; hence, if some realize a gain, others must suffer a loss. If one receives a commodity, equal in value to one dollar, in exchange for another, equal in value to seventy-five cents, there is a gain of twenty-five cents realized by one party, conditioned upon an equal loss suffered by the other; and the wealth of the world is neither increased nor diminished by the transaction. Such is the inevitable result of all transactions in which the species of profits under consideration is tolerated. It is a mischievous intruder on the domain of Commerce, and the best interests of all mankind demand its expulsion.

The other species of profits—in the same Essay, styled legitimate—are in accordance with the strictest equity: the gains realized through their agency, by some, are not conditioned upon losses suffered by others; through their instrumentality all gain. Through them the wealth of the world is vastly increased by exchange; without them, universal poverty would eternally prevail. They are justified by their fruits, being always beneficent. If, as already illustrated, the hatter and the shoemaker consult their mutual interest, they have sufficient inducements to exchange the products of their labor on such terms as will increase the wealth of both. If the hatter can make a good hat in one day, and an indifferent pair of boots in four days, while the reverse is true of the shoemaker, he can make a good pair of boots in one day and an indifferent hat in four days, a very strong inducement to an exchange exists, prompted by a desire to realize gains through legitimate profits. Each, by working at his own trade and exchanging with the other, can get a very much better article for one day's labor than he could make for himself in four days. Had the hatter made his own boots, they would have cost him four days' labor. Had the shoemaker made his own hat, it would have cost him the same. By exchanging, therefore, each one gets four times as much for his work as he would in expending his labor directly upon the object of his desire. This is typical of the relations existing among the skilled laborers throughout the world: all exchanges based upon this species of profits are in the highest degree commendable; their tendency is to increase the wealth of all. Add to this the natural inducements to exchange offered in soil, climate, etc., and the absurdity of attempting to justify what are termed "spurious profits," on the plea of necessity, is proven beyond the power of even sophistry to raise a doubt.

In the following remarks, closing the discussion of Rent, let it be borne in mind that it involves nothing, more or less, than a mutual exchange of services; these being the only legitimate basis to support a claim for compensation throughout all the complexities of a world-wide commerce.

If one has $5,000 with which to build a house, and the equation of values is preserved, that is, if in every instance, the value given equals that received, the house, when completed, will be worth $5,000, plus the value of the services of the owner in superintending the construction. Assuming this additional sum to be

$200, the entire cost of the house is $5,200. The problem now is, if he rents the house, what is the basis to support a claim for compensation? Is it for services given while the tenant occupies the house? There is no such presumption; the owner may be in Europe during the entire term. Can one serve without working? When one stops work, do his services continue? If one works for another a single day, do his services continue beyond that day? If they do not, the service must cease with the labor. This is a mere play upon words: the real fact is, to *serve* is to *work*; in an economic sense, to serve without working, is an absolute impossiblity. In reference to the house, the service of the owner ended with its completion. His ownership of a house, or any other species of property, can not continue his services after his labor ceases. Inanimate material can not be invested with power to perform human labor; therefore the owner can not give service through the instrumentality of his house. If this species of Rent has no better foundation for its support, than the imaginary service rendered by the owner, through the use of the house, it has no valid support at all, and must go down with all other claims for compensation, not based on service given by the claimant.

But there is a valid basis to support a claim for compensation due the owner of the house, from him who occupies it, in the deterioration of property, the result of former labor expended in its construction. In the case mentioned in the preceding paragraph, the owner of the house had, before commencing its construction, saved $5,000; he also earned $200, for labor expended in superintending; therefore $5200 is an exact equivalent for all his services. The relation between the owner and him that occupies the house, is, financially, precisely the same as it would be were the property wheat or any other species of property, instead of a house: the origin of real estate is the same as that of personal property; both are the result of labor, the creator of all property. It matters not, therefore, whether the $5,200 expresses the value of a house or that of a bin of wheat. If it were the latter, he that consumed $100 worth of the wheat, would incur an indebtedness of that amount to the owner. The indebtedness would have been neither more nor less, had there been a consumption of $100, resulting from the use of a house. In either case, the claim for compensation is not based upon the use of the property; it has, for its support, the services previously given by the owner in earning the wheat or the house. Therefore, rigidly adhering to the fundamental principles of Value, as illustrated in the First Essay, the conclusion is irresistible that Rent is justified, only so far as it is a compensation for service given. not in the use of the property, but in labor previously expended in its production.

It is freely admitted that the conclusion above reached, has little *precedent* for its support, but it is confidently affirmed that it is justified by the *reasoning* of all economists: all have, over and over again, established the fact that, without exception, the indispensable condition precedent to a claim for compensation, is services given by the claimant.

It will be asked, "Ought not he that occupies the house, pay the taxes and insurance?" Certainly not: these are not services given by the owner; they are burdens resting upon him, whether his property be real or personal. To throw them upon the one renting property, is to throw the burden of taxation from those having property to those having none, and compelling the latter to take risks not their own. If the latter are owners of property, they, of course, should pay the taxes and insurance on *that*; whether they have property or not, they should bear their proper share of taxation through the payment of a poll-tax or otherwise. But vain are all attempts to justify throwing the burdens of taxation and insurance upon those least able to bear them.

Here will be met the objection that no houses would be built to rent under such circumstances. At first sight, this seems to present a somewhat formidable obstacle. This objection might be dismissed by remarking that there is no *insurmountable* obstacles in the line of *duty;* the *right* is always *practicable.* But it can be shown here, as well as in all other departments of production and exchange, that sufficient inducements are offered to build houses to rent, inspired by no other motive than to receive a fair remuneration for labor expended. The building of houses, legitimately belongs, exclusively, to one department of industry, the laborers in which are practical builders. Were there no houses to be rented, the builders would have sufficient inducement to build for that purpose, as thus they could find employment for their industry and skill and obtain compensation for services rendered in construction. If there were no houses or other buildings to be constructed, they must change their occupation or be without employment.

In other departments of labor, their services might not be required; and, if they were, their skill as builders would be, practically, almost worthless. Hence the inducement offered them to build houses is very strong. After they are built, circumstances will determine whether houses are to be rented or sold. If the builder needs the money for present use, he prefers to sell rather than rent the house. If he has no present use for the money, it is immaterial whether his property is in a house or in money: he is the possessor of the same amount of wealth in either case. In constructing such buildings as are in demand for use, he finds employment for his labor in that field in which it is most efficient; in other fields, his services might not be required, or if they were in demand, they would be much less productive. In this department, as well as in every other, the products of industry tend rapidly to decay; hence the builders would be amply compensated by receiving as Rent for their property a sum sufficient to keep it in repair. There need be no fears that building would cease in consequence of eliminating the speculative element from the theory of Rent: In the discussion of the relations of Capital and Labor, it will be seen that the toiling millions do not *get* compensation even for their services; yet every ten years they *produce* wealth equal in amount to all that has been saved since time began.

Capital and Labor. Before proceeding with the discussion of this subject, it is necessary to define the terms: in these definitions, there is great diversity among authors; the definitions are nearly as numerous as the writers.

In this discussion, Capital is assumed to be merely the products of past Labor, used as instruments of present production: any product of labor used as an instrument of further production, is Capital; those not so used, are not Capital. Tools and machinery of all kinds, all merchandise except that in the hands of the consumer, farm products, when reserved for further production, and all the infinite variety of things so used is Capital. The spade with which the gardener works, is as truly Capital as is the steam-engine which drives all the machinery of the most extensive factory: both are products of past Labor, used as instruments of further production. The line of demarkation between that species of property which is Capital, and that which is not, is thus clearly drawn and easily discerned.

Labor is human efforts prompted by a desire for a future good. It may be mental or mental and physical: there is no Labor *purely* physical; it is doubtful whether any Labor is purely mental. In the simplest kind of Labor, the mind directs the movements; no matter whether the effort is directed to the production of a steam-engine or an ax-helve. An important distinction is that expressed in the terms unskilled and skilled Labor: the efficiency of the former is slight; that of the latter is great. In the same department of Labor, there is no difficulty in determining the relative degrees of skill possessed by the Laborers and hence, the relative compensation due for their services. But among the various departments, this is a troublesome element. Which requires the greater skill, to make a coat, or to make a hat? to make boots, or do efficient work on a farm? to make a watch, or to heal the sick? to make goods, or to exchange them? It is probable, though not absolutely certain, that the same degree of skill is required in all *departments* of Labor. If so, the same wages should be paid to the most efficient Laborers in all departments; all of equal efficiency in their respective departments, should receive equal compensation for their services.

It was stated in the preceding paragraph, that there is doubt in regard to any Labor's being purely mental. That there is a doubt, can be shown as follows: Belonging to that class whose Labor is supposed to be purely mental, are government officials, lawyers, authors, teachers, and many others whose Labor does not produce material products. Is their Labor entirely mental? Does not the lawyer perform physical Labor when he speaks or writes? Do not authors perform physical Labor in communicating to the world their mental products? In all the affairs of men, is there a single department of Labor, *purely* mental? Not one. If not, it were better to discard all unnecessary distinctions, leaving no differences except those of efficiency.

The president, members of congress, lawyers, judicial officers, and all others whose Labor is supposed to be intellectual, are merely *Laborers* employed by the Public to effect certain results. Their compensation, like that of those employed in other departments of Labor, should be in proportion to service given. There is nothing in the nature of the service required at their hands, which entitles them to a compensation greater than that due equally skilled Laborers in other departments. The notion that high salaries attract a superior class of officials, is inconsistent with all experience; there is not the least doubt that all governmental operations would be as well, if not better, conducted by officials receiving the compensation due a skilled Laborer in any other field plus the necessary extra expenses, as they would, if conducted by those demanding exorbitant salaries: the most efficient Laborers are, as a class, not the most avaricious. It is thought, perhaps by most people, that statesmen, necessarily, must live in a style superior to that of other citizens: this is another of those notions handed down from an age of superstition, in which the government was supposed to be instituted by superior beings, instead of by man himself.

It is impossible to enumerate all the different departments of Labor; the names of a few have been mentioned, merely to illustrate the definition given. There is one more, however, the subject of much controversy, that demands a passing notice: this is banking. Is this a necessary factor in conducting the commercial affairs of the world? Before answering this question, it is necessary to ascertain whether or not this institution renders any assistance in the production and distribution of wealth. If it is proven to be an efficient factor in the production and distribution of wealth, the question remains, does it *equitably* distribute the products of industry among those whose Labor produces them?

Those employed in the department of banking render important service in receiving on deposit, the funds of those otherwise engaged; pay through the instrumentality of checks, drafts, and bills of exchange, debts due in distant places; act as accountants among those having funds deposited with them; and, in various other ways, render important service in commercial affairs. As much time and Labor, that without this department would be demanded of others, is thus saved, in effecting results of vast importance, the efficiency of banking as a labor-saving mechanism, is clearly shown.

But the most potent instrument of production and exchange may through *misuse*, become an unmitigated evil. If those engaged in banking, instead of receiving compensation merely for service given—to which, alone, they are entitled—extort, by any means, that for which they render no equivalent, they violate the principles of equity, which should govern all exchanges, and turn an otherwise beneficient industrial instrument, into an engine of oppression.

Banking, therefore, like railroading, is a potent factor in the industrial movements of the world: all mankind need the services of both; though they cannot afford to give their liberties in exchange for them. In these, as in all other fields of labor, the maxim holds good. "The laborer is worthy of his hire."

Wages. This brings on the subject relating to wages: What are wages? There are two answers given to this question. 1.—Wages are what the laborer receives for his services. 2.—Wages are the values produced by labor. The first definition adapts the term to present usage; the second adapts it to theories recognizing no profits as legitimate, except those resulting from greater efficiency of labor, through the instrumentality of exchange. The distinction between these definitions seems, to a superficial observer, not very important; there is, however, a vast difference—a difference as great as that between a *part* and the *whole* of anything,

The man who picks and carries home twelve quarts of berries, has twelve quarts of berries for his labor; this is his wages for that work. In this case, the wages are the products of the labor. If the berries are consumed at home, no question can arise as to whether he is fully compensated for his labor: that which a man's labor produces is his; he is entitled to no more; he is fully compensated with no less.

If, instead of consuming them at home, the man exchanges the berries for some other product of labor, a question arises as to the relative value of the two. If in the exchange, either party gets a commodity representing a greater service than that represented by the one given in exchange, he gets more than the products of his labor while the other gets less. This is easily illustrated as follows: If the value of one commodity is represented by 10 and that of the other by 8, in the exchange, the owner of the latter gets 10 for 8, and the other party gets 8 for 10; the wealth of the former is increased while that of the latter is diminished. Had the values exchanged been 10,000 and 8,000, the gain to the one would have been 2,000, the loss to the other would have been the same amount.

It is absolutely indispensable that the mind grasps firmly the fact, that the exchangeables, instead of being utilities, are values resulting from services. The real value of all commodities is dependent upon the labor expended in their production; for all practical purposes, the values are easily estimated. The utilities of commodities, being dependent upon the benefits derived from their use, no man is capable of estimating. In the next paragraph will begin a series of illustrations to prove more fully that the only estimates required in determining the values of commodities, have reference to the labor expended in placing them in market. The illustrations, though quite simple, will show the true economic relation of Capital and Labor.

A laborer receives, for one day's labor, a spade which is the product of a day's labor equal in efficiency to that for which it is exchanged; this is merely an exchange of equal services. No matter when, where, or by whom the spade was manufactured, the transaction is justified by the equality of the services exchanged.

The laborer to whom reference was made in the preceding paragraph, is now a capitalist; his capital consists of a spade, whose value is one day's labor. If, with his spade, he works another day, in a neighbor's garden, would the neighbor *fully* compensate him by giving in return, the result of an equally efficient day's labor? Is the laborer entitled to any compensation as a capitalist? If he is, what is the basis of this claim? Bringing forward the facts in the case, there is not the slightest difficulty in answering these questions. The laborer has worked two days: he should have, in exchange for his services, the result of two days' labor, of equal efficiency. If he receives from his neighbor, an equivalent for but one day's labor, he would then have, in exchange for two days' services, too little, as the spade, the result of one day's labor, has been partly consumed by his neighbor. The latter, therefore should, in addition to the compensation for one day's labor, give an equivalent for the partial consumption of the spade, the laborer's capital. In this way, only, would the laborer receive *full* compensation for two days' service. That such illustrates the true relation of Capital and Labor defies contradiction. The deterioration of the spade resulting from one day's use is, indeed, slight; it might be inappreciable, yet it is something. Another example will now be given, in which the deterioration of the tool is an important item.

A laborer receives, for ten days' work, a tool which he uses one hundred days in working for another, the tool being entirely worn out by the operation. Is it not clear that the one for whom the work is done, has received, in this case, one hundred and ten days' service for which he should give an equivalent? Some will say, "The laborer should furnish the tools." Is this true? That it is not true may be easily demonstrated as follows: If the one for whom the labor is done, is equally competent to do it himself, he might furnish the tool and employ his own labor in the operation. In this case, the cost to him would be 110 days' service: 10 days' service given for the tool; 100 days' service given while using the tool. It matters not who does the work, the compensation due for the same is an equivalent for one hundred and ten days' service; ten days' in earning the tool; one hundred days', in working with the same. Therefore the expense incurred in furnishing tools, should be borne by him for whom the work is done; otherwise he gets services for which he gives nothing in return.

In previous illustrations, the remarks were confined to the case of one laborer and one tool; no new *principle* would be involved, if there were many men working with many tools. If in manufacturing certain commodities, five men equally efficient as laborers, are required to do the work, and each incurs the same expense in supplying himself with tools, the compensation due each, should be determined in precisely the same manner as if there were but one man and one tool. Each set of tools may have cost the same as every other, and yet, the compensation due for the deterioration of some, may be very different from that due for the use of others: in some processes, tools are worn out very much more rapidly than in others. If each of the five men works, during the year, three hundred days, those who receive their services or, what is the same thing, the products of their labor, should give in return services, or what is the same, products of labor, sufficient to balance those received. If all the tools used by the five men, are diminished in value to the amount of one hundred days' service, and all sets equally deteriorated by use, the aggregate compensation due is sixteen hundred days' service: fifteen hundred for service given during the year, and one hundred for deterioration of tools, the product of former services. The compensation due each of the five workmen, in this case, is one-fifth of sixteen hundred, or three hundred and twenty days' service. But, as already intimated, the injury to one set of tools may be very different from that to another, even though they cost the same; it is, therefore, the diminution in the value of tools or machinery that is to be estimated, instead of the original cost, in determining the compensation for their use. Besides the tools, the laborers would need a shop and the material out of which the commodities are to be made. These are a part of the capital employed in the business: the compensation due the owner for their use involves no new principle; it has for its support the services previously rendered by the owner. The shop and material may be the joint property of the five workmen, each having an equal interest in the same; they may be the individual property of one; one may own the shop, another the material; they may own either or both jointly, some having greater interests than others. No matter whether owned by one man or a thousand, the compensation due for the use of capital is based upon services previously given by the owner or owners. It is, therefore, universally true that the condition precedent to *all* claims for compensation, is services given by the claimant. This being admitted, there is no escape from the conclusion that the capitalist is entitled, for the use of his Capital, to a compensation for its deterioration: less than this would be unjust to him; more than this would be unjust to others. This must be borne in mind in all discussions relating to Capital and Labor. No custom, however hoary with age, must be allowed to stand, if inconsistent with the principles of eternal justice.

In closing the discussion of the relations of Capital and Labor, a quotation from Walker's "Science of Wealth," will serve to illustrate the current theories of the distribution of wealth among those engaged in its production. This eminent American author divides the products of industry into five parts as follows: "Wages, profits, interest, rent, and taxation." If those to whom one or more of these parts is due, set up a claim for more than their equitable share, there necessarily arises a conflict, as the false claims can be allowed only by sacrificing the rights of one or more of the other parties. The term profits, here mentioned is of that species properly named "spurious," in the second Essay, as they permit one of the parties to an exchange, to receive more than he gives, thus enriching one while necessarily impoverishing another. If one receives a commodity equal in value to $5.00, in exchange for one whose value is only $3.00, the wealth of the one party is diminished $2.00 while that of the other is increased to the same extent. Those who attempt to justify this species of profits, take upon themselves the somewhat difficult task of proving that three is equal to five. If however, as here used, profits means compensation due for managing the business, the claim is just, but the term is useless; managing business is labor; wages is the compensation of labor; it therefore includes that due for managing. If the term profits, in this connection, invariably signified merely the compensation due the proprietor for managing the business, it would be, at least, tolerable, whether necessary or not. But the fact that the claimant of this species of profits is supposed to be entitled to all he can get irrespective of services rendered, makes this term so powerful for mischief, that the best interests of all demand its expulsion from the list of economic terms. Instead of five, then, there would remain but four terms: Wages, interest, rent, and taxation.

The term, interest, meaning a compensation for the use of money, is, perhaps, entitled to further illustration before closing. In so far as interest is value received for the mere *use* of money, and not for services given by the recipient, it is inconsistent with any equitable distribution of the products of industry. In this sense, the claim for interest has, for its support, the false assumption that service may be given through the use of the products of labor. It has been shown, in treating of Rent and Capital, that the only valid claim for compensation for the use of other species of property, rests, for its support, on the previous services given by the owner in earning the property. There is nothing in the nature of money to give its possessor any claims superior to those conferred on the owners of other species of property: all property, money included, is the product of Labor. The user of any species of property belonging to another, incurs an indebtedness equal to the value consumed in the operation: to this extent, the owner has a valid claim for compensation for services given; beyond this, all claims are spurious. Therefore, so far as the money itself is concerned, the borrower discharges all obligations by merely returning the sum borrowed. If, however, interest is merely a compensation for services given by those engaged in loaning money, collecting debts, receiving for safe-keeping, or convenience, funds belonging to others, or in any other manner, assisting in the production and distribution of wealth, it, like profits, is a useless term; the term wages could as well include compensation for such services as any other. As interest is a claim set up, by the owner of money, for compensation for its use instead of services given by *him*, it enables the claimant to accumulate wealth without producing it: to accumulate wealth without first producing it, must inevitably inflict a loss on the wealth-producers; the wealth *must* be produced by *somebody* before its accumulation is possible. It were better, therefore, to drop this term, as it characterizes a false claim for a portion of the products of industry. This leaves three terms: wages, rent, and taxation.

It has been conclusively shown that Rent based upon other grounds than that of the labor expended in earning the property, is a claim, on the part of the owner, for the services of others, without giving anything in return. It enables the owner to accumulate without producing, thus, inevitably, inflicting loss upon others, who have less than their due, because they have given a part of their wealth to those having more than their share. If Rent means merely compensation for labor expended by the owner, the term, like interest and profits, is useless, as the term wages includes this as well as those. Add to this the fact that Rent is commonly neither more nor less than tribute exacted from the necessities of others, and the propriety of its elimination from the list of economic terms is conspicuously apparent. There are now but two terms left: wages and taxation.

In the true economic sense, a Tax is a sum of money demanded of the citizens for the purpose of creating a fund out of which to pay those whose services are given to the public. Governmental affairs immediately concern the whole people: for them and by them, are all governments instituted. Hence all public officials, from postmaster to president, are commissioned by the people themselves. If those acting in an official capacity faithfully discharge the duties assigned them, they are as truly entitled to compensation for their services, as they would be were they working in any other department of labor. There are, however, certain claims set up in favor of this department, which have no logical basis to support them. The pay of certain judicial and of certain military officers, does not cease with their services, but continues through life. There is no justification for this distinction in compensating public officers and other doers of the world's work. The sum of money thus unrighteously drawn from the people is, indeed, small, but it is, nevertheless, in violation of the maxim that compensation is due only for services rendered by the recipient. The millions required every year to pay interest to bondholders, is so much subtracted from the various industries of the country, for which the recipients render no equivalent. That these creditors of the government would have made no loans, except in anticipation of such unrighteous means of accumulating wealth, does not, in the least, mitigate the iniquity of a system which permits a *class* of citizens to appropriate a large share of the products of industry, without contributing, in the slightest degree, to their production. Therefore, eliminating all spurious claims against the government, the sum to be raised by taxation is merely that required to compensate those whose services are given to the government. Logically, then, the sum of money due in the legitimate sphere of taxation, constitutes the fund out of which to pay the wages of those who *serve* the government. Hence taxation, in the sense in which Mr. Walker uses the term, should, like profits, interest, and rent, be expelled as a mischief-maker. Excluding all industrial parasites, wages alone remain to be paid out of all the products of industry.

There is a false notion implied in the use of the term, wage-worker: economic science knows no such distinction; it regards all others as wage-workers, as much as those to whom the name is applied; it knows no such thing as *caste*. This may be conclusively proven by a simple illustration as follows: A farm-laborer in Dakota, receives for his labor 50 bushels of wheat, which he sells to a neighboring miller; the miller transports it to his mill and converts it into flour; a flour-merchant purchases the flour for transportation to a distant market; the wholesale purchaser in that market sells it to the grocer; the grocer sells it to the consumer. Unless it is presumed that Providence has conferred special rights upon some, and, consequently, must have withheld the same from others, there must be a common basis to support the claims of all who have in anywise been instrumental in supplying the consumer with the flour. The farm-laborer originally received his wages in wheat; he exchanges with the miller, and receives from him a commodity of equal value. He has his wages still; no more, no less. That received from the miller was as truly wages as was that received from the farmer. In ultimate analysis, therefore, the income from the sale of commodities, is neither more nor less than wages received for producing them. If, as is probable, the farm-laborer expended labor in storing, or otherwise caring for the wheat received from the farmer, he should be paid enough more than the original cost of the same, to compensate him for the extra services; this does not, in the least, alter the fact that all received from the miller, in exchange for the wheat, is merely wages paid for service given in producing it.

Wages are due the miller for services given in earning what he pays the farm-laborer, transporting the wheat to mill, grinding the same, and the consumption of wages previously earned, in the partial consumption of his mill: thus the entire receipts of the miller, like those of the farm-laborer, are wages paid him for his services by the flour-merchant.

Wages are due the flour-merchant for services given in earning what he paid the miller, shipping the flour, transporting to market, or, what amounts to the same thing, paying freight charges, and all other outlays by him in this somewhat complex transaction; the total sum of all the items, *legitimately* charged by him constitutes his wages: to this he has a just claim; more than this is impossible without sacrificing the rights of others.

The wholesale merchant is entitled to wages for services given in earning what he paid for the flour, cartage, storage, and the other necessary services in connection with the transaction: the aggregate sum received for all his services constitutes his wages. Logically he is no less a wage-worker than is the farm-laborer.

When, finally, the grocer transfers the flour to the consumer, the compensation due the former, is for services given in earning what was paid to the wholesale-dealer, cartage, storage, carrying to the consumer, and other services given in connection with the flour: for all these, the grocer is entitled to compensation; like all preceding parties, he receives wages for his labor; he is therefore a wage-worker.

From the illustration given above, it appears that there is no special *class* to whom the name wage-worker appropriately belongs: strictly speaking, all workers are wage-workers; *all the wealth in the world consists of unconsumed wages earned by somebody.* Applied to all workers, the term is innocent, though useless; applied to a particular class, it is productive of much mischief. According to the generally received opinion, wage-workers are an *inferior* class, lacking the ability to accumulate wealth, except through their labor; and business men are a *superior* class, having the power to produce wealth by magic. The wealth of the millionaire is, however, merely wages unconsumed; if he has not been a wage-worker, his title is defective; if he is not a wage-worker, he can honestly accumulate no more: as all the wealth now existing is the product of labor, so must be all future accumulations. Vanderbilt can no more *create* wealth, without labor, than can the tramp on the highway; either may *appropriate* what others have produced—the former by extortion, the latter by stealth; but as all the wealth accumulated in the past, is the product of labor unconsumed, so must be that of the future.

Causes of the Conflict between Capital and Labor. It is not a difficult matter, now, to point out the "Causes of the Conflict between Capital and Labor." All wealth appropriated through the instrumentality of profits as the term is commonly interpreted, interest meaning compensation for the mere use of money, rent as commonly understood, and taxation except for the wages of those *working* for the government, is so much taken from the wealth-producers, and transferred to others who render no equivalent for what is *thus* taken.

Profits, Interest, Rent, and Taxation—the palmerworm, the locust, the cankerworm, and the caterpillar—*these* are the parasites which prey upon the fruits of industry: "That which the palmerworm hath left, hath the locust eaten; and that which the locust hath left, hath the cankerworm eaten; and that which the cankerworm hath left, hath the caterpillar eaten." These are the proximate causes of the conflict between Capital and Labor; the ultimate causes are the mistaken notions prevailing as to the relations subsisting among the producers of wealth.

The cause of the Conflict is much intensified by the use of such terms as master, employer, servant, employe, wage-worker, domestic, and menial. The terms, master and menial, ought not to have survived the fall of the institution of slavery; a nation of *freemen* have no use for such names; their retention menaces the liberties of the people. The use of the other terms mentioned, is not necessarily reprehensible, though it is frequently made so by the spirit which calls them into use. These terms are commonly used to distinguish the position of individuals in the social scale; a worthless idler, whose support is drawn from the products of others' industry, stands, socially, above those whose labor supplies the unproductive consumer with the means of subsistence.

The inheritor of millions, if living in idleness, is a thousand-fold greater burden on the industries of the people, than is the pauper, incapable of self-support: both are consumers of the products of labor; neither is a producer. As neither produces and both consume, it irresistibly follows that the greater consumer is the greater burden. It must be remembered that the inherited millions can *produce* nothing; they serve merely as means through which, under a false theory of the nature of wealth, the possessor *can*, though not rightfully, *appropriate* what *others* produce. All come into the world clothed with equal rights and burdened with equal duties. Neither of these is inherited from ancestors; both are the natural inheritance of the race. None can be deprived of their rights; none can shift their duties upon others; any attempt to do either, must, from the nature of things, produce a conflict.

Misled by the false theories previously alluded to, the industrial classes, fearing the penalties of social ostracism incurred by those engaged in the drudgeries of life, frequently become restless in the presence of the grievous wrongs heaped upon them by those whose necessities do not *compel* them to occupy the same position. Those previously engaged in producing and accumulating wealth, impatient at the meagre store acquired by so tedious a routine, abandon the fields of productive industry, and seek, through speculation, more expeditiously to acquire a fortune. Not more than one in twenty meet with even moderate success; the few gains are contingent upon the many losses. The whole scheme of speculation is a mere lottery, in which the blanks far outnumber the prizes. In no speculation is there any production of wealth; all time spent in attempts to acquire wealth by such methods is worse than wasted. Under such circumstances legitimite exchanges are scarcely possible. Very few have the moral fortitude to be the victims rather than the perpetrators of a wrong; hence, most people rather cheat than be cheated. Thus the "Conflict between Capital and Labor," except in magnitude, differs not in the least from that manifested in the simplest exchanges, in which each party seeks to increase his wealth, regardless of the other's welfare.

Properly organized, the wealth-producing facilities in the possession of the American people, are sufficient to supply the world, not merely with necessary utilities, but with luxuries; yet so wedded are they to the economic theories of the past, that thousands of themselves are destitute in the midst of the splendor and luxuries of their own creating. In the presence of such conditions it is folly to assert that Capital and Labor are allies instead of enemies; names are of comparatively little consequence; the conditions are of vital importance. The conflict exists; and for its existence, there is an adequate cause. It arises from attempts to adapt ancient theories of the distribution of wealth to modern methods of production. Prior to the Great Rebellion, William H. Seward, with almost prophetic wisdom, declared there was an "irrepressible conflict" between freedom and slavery; and the people whose horizon embraced only their petty selfish interests, ridiculed him as a fanatic, for questioning the righteousness of an institution that bore the seal of ages. But the logic of events proved the great statesman scarcely less than seer. The conflict of the forum was abandoned for that of the field, and what ought to have been decided by argument, was referred to the arbitrament of war. In that convulsion perished millions of men and hundreds of millions of treasure, in ridding the world of a hideous monster, which, after robbing of their manhood millions of the race, sought the overthrow of the Great Republic. Though slavery itself is dead, its spirit still lives to inspire the Conflict between Capital and Labor. It will not rest while the congenial spirit which robs labor of its *full* reward, presides over the division of the products of industry.

Unless the pernicious theories of exchange now prevalent are soon abandoned, the conflict, now apparently so harmless, will swell into gigantic proportions, and—what with proper precautions might be easily avoided—the World will stand aghast at scenes the future has in store. Instead of section against section, as in the late rebellion, it will be neighbor against neighbor—one chaotic mass of struggling humanity in the midst of universal anarchy.

Those who offer the law as a soverign remedy for all social, commercial, and political evils, forget that legislators sought in vain to remedy the evils of slavery. They exhausted all their resources in attempts to render harmless the most gigantic evil the world ever saw! As well might they, by legislative enactment, attempt the suppression of the thunders of Niagara. The only remedy for any evil is its abandonment; regulation by law only intensifies it; any toleration by law gives it legal existence. At best, laws are merely bridges over which nations pass from a lower to a higher civilization; they create neither rights nor wrongs. They may protect the right and repress the wrong; in attempting more, they become a positive nuisance.

If the theory of profits is right, let the law protect those who secure them. If any are due, there is no limit to the amount; morally it is as wrong to gain, through another's loss, one per cent. as it is to gain, in like manner, a thousand per cent.: the evil is not a matter of magnitude but of principle.

If the theory of Interest is right, the law has nothing to do with the matter, further than to protect those who through this instrumentality increase their store of wealth. No regulating as to the rate is permissible; the right to take one per cent. implies the right to take a thousand per cent.

If the theory of Rent is right, the law must in no wise interfere with that right.

If the theory of speculation, in general, is correct, let the legislator beware of meddling: rights demand, not regulation, but protection; wrongs are entitled only to repression. To sanction the theories that result in monopoly, and then attempt to repress the evil is the supremest folly: if monopolies are evils, the theories of which they are the result are evils: "A good tree cannot bring forth evil fruit, neither can a corrupt tree bring forth good fruit." If monopolies are evils, so must be the theories producing them.

Before closing this Essay, it is thought best, once more to illustrate the injustice of the current theory of profits; this is the chief mischief-maker in the realms of exchange; without this for their support, Interest and Rent would stand revealed as mere parasites upon the proceeds of industry. The following example will show the utter absurdity of this theory:

A is a hardware merchant, B, a dry-goods merchant, C, a grocer, and D, a farm laborer. Suppose that A sells his goods to the other three parties at 25 per cent. profit; that is, he gets 25 per cent. more than he gives. Each of the others, then, must pay $1.25 for one dollar's worth of goods; this is the same as selling their goods at 20 per cent. discount; they get 80 cents for a dollar's worth of their goods. If B, as well as A, adds 25 per cent. as profits on his goods, he will realize no gain in exchanging with A; his profits must come entirely from exchanging with C and D, who receive no profits. If C, as well as A and B, adds 25 per cent. to the price of his goods, neither of these three will realize any profits in exchanging with one another; the only chance for making profits is in exchanging with D, who makes no profits. If D, as well as the other three, adds 25 per cent. to the price of his labor, neither of the four will realize any profits in exchanging with another. If A alone makes a profit, the other three must suffer a discount. If A and B make an equal profit, this must come from exchanging with C and D, who suffer a discount. A and B would realize no profits in exchanging with each other. If A, B, and C make equal profits this can result only from exchanging with D, who makes no profit. If D's wages are advanced to correspond with the advances in the prices of goods sold by A, B, and C, neither of the four in exchanging with another could realize any profits. In order, therefore, that some may realize a profit, there must be others who suffer a discount: if some gain, others must lose. Blunt, indeed, must be the moral perceptions of those whose conscience is quiet in the presence of gain realized through this species of profits. Economic science uninfluenced by pernicious custom, knows no favorites: its teachings are in keeping with the principles of the strictest equity. It justifies no profits realized by some, conditioned upon discounts suffered by others; its decisions are absolutely impartial. The income of the hardware merchant, the dry-goods merchant, and the grocer, no less than that of the farm laborer, must, in equity be based upon the service given. Those, only, are legitimate profits which are realized through the increased utilities growing out of the greater efficiency of labor resulting from the division of the world's work into the numerous departments demanded by the mutual welfare of all. These, and these alone, are the profits sanctioned by economic science; inspired by the anticipation of mutual gain resulting from mutual services, exchanges are wholly and infinitely beneficent. The littleness displayed in the tricks of trade, inspired by an impulse wholly selfish, is a disgrace to the age, and a menace to civilization.

If the theory of Profits advanced in this Essay is the correct one, we have the key to the relations of Capital and Labor. It will pay to trace the relations in the following example:

A manufacturing establishment employs 12 hands besides the superintendent, who is himself the owner. Four of the hands are unskilled; four possess that degree of skill rendering their efficiency double that of the first four; the third four are three times as efficient as the first; the efficiency of the superintendent is five times that of either of the first four; and the deterioration of the capital during the year is equal to 1,000 days' labor, each equal in efficiency to that of the unskilled laborers. If all are employed 300 days, the record will stand as follows:

Four men of ordinary efficiency, each working 300 days..................	1,200 days
Four men of double ordinary efficiency, each working 300 days...........	2,400 "
Four men of three times ordinary efficiency, each working 300 days......	3,600 "
Superintendent, five degrees ordinary efficiency, working 300 days......	1,500 "
Deterioration of capital..	1,000 "
Total service given by the establishment..............................	9,700 days

This establishment having, in the aggregate, given 9,700 days' service of ordinary efficiency, is entitled to an equal service, in the aggregate, from those who receive the products of their labor. The proprietor is entitled to 1000 days' service for deterioration of capital, and 1,500 days' service for superintending—total 2,500 days; each of the ordinary workmen is entitled to 300; each of the second grade, 600; each of the highest grade, 900. In addition to what is assigned to him above, the proprietor has no claim for profits; he, like his companions in labor, is entitled to compensation for his services: justice gives him this; it cannot possibly grant him more. He can get no more, except by taking what belongs to his fellow workmen or from those who receive the goods. No matter what may be the number or the necessities of the workmen: they may be few or many; they may be pinched with poverty or blessed with abundance. All such incidents are totally irrelevant; the compensation due is for service given, and for that alone. It is a false theory, unworthy the civilization of the Nineteenth Century, that makes the compensation for services dependent upon anything else than the service itself. All attempts to perpetuate such a theory is at war with the teachings of economic science, whose laws are inexorable, and cannot be violated with impunity. So long as such theory is in vogue, the "Conflict between Capital and Labor" will go on with constantly increasing intensity, as time advances, until, despairing of justice through the instrumentality of government, the wealth-producers, either wisely or unwisely, will trample beneath their feet constitutions and laws, seeing in them nothing but engines for the perpetuation of ancient schemes, shrewdly designed to perpetuate the humiliation and degradation of the toiling millions. There is no way of avoiding the result except by removing the cause. Political conventions will strive in vain to exorcise the evil spirit by inserting new planks in their platforms; legislators will prove unequal to the task of regulating that which justice demands shall be abolished; orators cannot imbue with patriotic spirit those who see no practical difference between republican liberty and monarchical despotism. Laborers, combining for mutual protection; farmers attempting through legislative enactments to fix freight rates on the railroads; railroad companies engaged in perpetual war, each striving for the lion's share of transportation; and bank officials *en route* for Canada, are only different phases of the diseased social condition resulting from false economic theories. The laborers remain in the country and strike for justice; bank officials not overly particular to the claims of justice, strike for a foreign land. These latter are, perhaps, the most perfectly developed specimens of the fruits of that theory of profits which permits the recipients to take more than they give in exchange. There can be no question that the character of an economic theory, like that of a tree, is known by its fruits. This being conceded, either the exiled bank officials are honorable gentlemen involuntarily sojourning in a foreign land, or the theory of which they are the legitimate fruit, is inconsistent with financial integrity. Is it not customary to speak in complimentary terms of those capable of living by their wits? Is it not currently thought to be more reputable to *make* money by shrewd *devices* than to *earn* it by honest *industry*? Does not the current theory of profits give countenance to such monstrous doctrines? The fact is, that the final act of the bank officials, in appropriating to their own use the funds entrusted to their care, involves no new principle. Their *lives* have been spent in shrewdly scheming, through the instrumentalities of unholy profits, to *appropriate* the products of industry without giving that service which alone is the basis of all honestly accumulated wealth. Those who, within the law, violate the principles of natural equity, for the sake of pecuniary gain, will carry their schemes outside of the law, when the temptation is strong and the chance of detection remote.

Those who carefully note the manifestations of the spirit dominant in the commercial world, cannot fail to see that, instead of merely a conflict between Capital and Labor, there is a *universal* conflict throughout all the realms of exchange. Its greatest intensity is apparent between those in possession of opportunities for accumulating wealth, and those wanting such opportunities. The current theory recognizing no fixed relation between the parties to an exchange, leaves them to settle the compensation due, without any definite standard to which they can confidently appeal. Those controlling the materials out of which are fashioned all the utilities which constitute the world's wealth, feel justified in exacting, from those in want of these materials, such terms as the necessities of the latter may force them to accept. Ordinarily, the laborer must accept the best terms he can get *to-day;* his *necessities* will not permit him to hold out against those who have on hand the means of subsistence for months or years to come. Under such circumstances the present producers of wealth, except those who have already accumulated a store sufficient for present needs, are victims of extortion, so clear and positive, that it is a wonder how a people calling themselves Christians can countenance a theory which permits such monstrous injustice. Yet there it is, guilty of the crimes of thousands of years, threatening the very existence of republican liberty. He is not a freeman, who must part with the products of his industry on terms exacted from his necessities. The current theory of the relations of Capital and Labor must give place to one that shall secure to the laborer full compensation for his services, irrespective of his necessities or misfortunes, or of the opportunities of others; the conflict must go on; or the spirit of liberty must be extinguished. God grant that no such calamity shall befall the American people as would be upon us, if the laborers should, without protest, accept the niggardly pittance assigned them by a theory that has impoverished the great masses in all lands. Also, may the sons of industry remember, that *physical* force can right no wrongs in the moral world. The only way out of the labyrinth into which we have been induced to enter, through the false teachings of the economists who seek the key to economic science in the precedents recorded in the history of the gloomy past, is to turn our attention to the living present, and study the relations of men, in the light of the true spirit of the civilization of the Ninteenth Century.

Recapitulation. Interest, in the common acceptation of that term, is at war with the equitable distribution of the world's wealth; it permits the recipients of the products of labor, through this instrumentality, to appropriate what others produce, giving nothing in return. It can be justified only as a compensation for service given by the recipient in connection with various instrumentalities of exchange. In this latter sense, it in no wise differs from the compensation due other laborers; it is the wages of those who perform this species of service.

Rent, as generally interpreted, being compensation for the use of real estate, like Interest similarly interpreted, is wealth merely *appropriated* by the owner who gives nothing in exchange for what he thus gets. It can be justified, only as a compensation for service given in connection with the property rented, the service given may have been in improving lands, or constructing or repairing buildings. The indispensable condition precedent to the rightful appropriation of wealth, is personal service, the sole creator of individual wealth.

Profits, Interest, Rent, and Taxes, so far as they permit certain individuals to appropriate of the products of labor, a greater share than their wages due for service given, are parasites upon industry; the highest interests of all demand their immediate, total extermination.

Capital, that portion of the wealth of the country used in further production, sets up spurious claims for a share of the products of industry, which can be allowed only by sacrificing the rights of the wealth-producers destitute of Capital. Under the terms, Rent, Interest, and Profits, the capitalists appropriate the products of labor without contributing anything to their production; every particle of wealth so appropriated, is at the expense of laborers without Capital. Nothing is due the capitalist, as such, but compensation for wealth consumed in the use to which it is applied. If besides furnishing the Capital, those who furnish it also superintend the operations in which it is used, they have a legitimate claim for wages thus earned. A rigid analysis of the relations of the laborer and the capitalist, discloses the fact that the latter has no legitimate means of accumulating wealth not possessed by the former: all wealth is merely unconsumed wages. If by a year's use the capitalist's previously accumulated wealth is diminished $1,000, and his services in superintending the operations in which it is used are worth $2,000, he has a valid claim for $3,000, as his share of the products. An equally efficient laborer without Capital, would be entitled to the same salary for his year's service as would the capitalist for his; the thousand dollars extra received by the latter is for consumption of his previously earned wealth.

The laborer is entitled to the product of his labor, or, which is the same thing, he is entitled to receive the product of an equal amount of labor of the same degree of efficiency. No matter whether he was born beneath the "Stars and Stripes," among the icebergs of the polar regions, or in the land of tropical fruits and flowers, the law is universal: the products of labor belong to those whose labor produces them. That theory which assigns to the laborer what is left after the capitalist has appropriated as Profits, Interest, Rent, Taxes, and Wages of superintendence, the greater part of the products of industry, is responsible, not merely for the conflict between "Capital and Labor," it is responsible for that universal conflict in which wealth is won without merit, and poverty incurred without fault. That the products of labor are not equitably divided among the producers, is, perhaps, not the fault of any particular class: with few exceptions, all sanction the pernicious theory, which, instead of assigning to each that portion of the World's wealth to which, irrespective of custom or law, he is, in return for his services, justly entitled, makes the accumulation of wealth a game of chance.

REVIEW AND CONCLUSION.

If there is any criterion by which the relative rights of individuals can be determined, it must be conceded that, so far as wealth is concerned, each begins his earthly career clothed with precisely the same rights possessed by every other. Before modified by individuals, the bounties of nature are the joint inheritance of the whole human race. Except from the hand of the laborer, nothing is valuable; that is, not specially related to any individual. Labor, therefore, is the creator of all value, and the values of commodities are in proportion to the labor of which they are the product. Nature's laws, not in a political sense, like those of the Medes and Persians, but in the absolute sense, are unchangeable; what they have been in the past, they are now, and so will be forever. Ancient customs, wars, imperial edicts, political conventions, constitutions—either or all—can no more suspend the operations of economic law, than they can those which determine the movements of the heavenly bodies. If primitive man could obtain wealth only through his industry, this is the indispensable condition precedent to the accumulation of wealth to-day. It is not true that mere occupancy is sufficient to invest the occupant with the absolute right of property, in even the smallest portion of the earth; the admission of the fact that another would not be justified in ejecting him, in no way concedes the right of property in the occupant; to justify ejectment, the title must be in the ejector; want of title in the occupant, is not sufficient. The moment the mere occupant of a piece of land vacates it, another, without violating any right of private property, may take possession. When Columbus, after years of toil, disappointment, and tribulation, led the way to the discovery of a new continent, he rendered a great service to mankind, for which he was entitled to due compensation; but neither he nor the sovereigns of Castile and Leon became the owners, even of the West Indies, much less were they the owners of the American Continent. Notwithstanding the customary pomp and ceremony with which Columbus took possession, the right of the aborigines to their rude improvements, were as if the Spaniards had never come: the right of a feeble people to their meagre store does not cease with their ability to defend it. What the Indian had improved was his by divine right; what was unimproved was the inheritance of the Race: no amount of ceremony, however pompous or solemn, can create or annihilate the right of private property. The bounties of nature, infinite in utility, are free to all; they are not subject to barter and sale; hence, they are not valuable. All nature's products modified by the hand of man is individual property: in spite of custom or law, these belong to those whose industry produces them. Each individual is the owner of the products of *his* industry, be he Greek or Jew, heathen or Christian, rich or poor—nothing is, in the least degree, relevant except the labor expended in production; this is the indispensable and only condition precedent to ownership. It was so in the beginning, is now, and ever will be; the dwarfish arm of the stickler for *precedent* will strive in vain to alter this fundamental fact of economic science.

Providence has so ordained that, without exchange of services, all must remain forever poor: annihilate all but a few thousands of the people of the United States and divide all the wealth among those left, and in a comparatively short time, poverty would be the lot of all. Wealth is conditioned upon a numerous population; properly organized, the greater the industrial population, the greater will be the wealth, not merely in the aggregate, but *pro rata*. Let labor be properly organized and each laborer receive the products of his own industry, or which is the same thing, a just equivalent for the service rendered in production, and the apparent paradox of a pepole becoming impoverished from a superabundance of industry will forever disappear. If it were true, as taught by eminent economists, that the wealth of each producer is in an inverse ratio to their number, there would, indeed, be an "irrepressible conflict," not merely between Capital and Labor, but among the laborers themselves. But, fortunately, such is not the fact; the wage-fund theory is inconsistent with the principles of production and exchange. This theory supposes that there are two classes—laborers and employers; the former being dependent upon the latter for their subsistence. The real fact is that all who are not parasites on the fruits of industry, are both. If A, who has accumulated no wealth, works for B, who has in store wealth, the product of his previous industry, each employs the other, A giving his present services in exchange for the products of services previously rendered by B. If, because of superior opportunities, B exacts from A, more than the latter receives from the former, the excess taken by B is wrested from A by force; B gets a part of A's wealth for nothing. No pettifogging about the "laws of trade," can shake this conclusion. The fact that such things are done every day and have been for hundreds of years, no more justifies such deeds than did immemorial usage justify the Algerian practice of plundering merchant-men sailing the Mediterranean. Nothing is more fallacious than is the doctrine that conscience invariably, a safe monitor; conscience may be silent in the presence of the most glaring iniquity. To say nothing of the offences committed against the inalienable rights of man during the preceding thousands of years, where slept the conscience of the slave-holders and their aiders and abettors, through the two and a half centuries, culminating in the Great Rebellion inspired by the hope of perpetuating an institution at war with enlightened conscience, yet sanctioned by the immemorial customs of the past! Judging by the devotion with which the slave-holder adhered to the fortunes of the "Confederacy," his conscience was as serene as was that of the abolitionist, who prayed that the institution of slavery might be swept from the face of the earth. This does not prove that a practice is indifferently right or wrong, depending merely upon the opinions of men; it merely proves that opinions based upon ancient usage require frequent revision; no precedent must stand in the way of wider experience and more light.

There are, then, no such special classes as employers and employes; all seeking exchange with their fellow men are both. Both parties to an exchange may bring *present* services, or commodities, the product of *past* services, or one may bring *present* services and the other *commodities* representing his *past* labor. In determining the relative values in market, no estimates are, in the least degree, relevant except as to the relative services involved in the transaction. If the exchanges are in harmony with the principles of equity, the necessities, opportunities, desires, or shrewdness of either or both parties are wholly immaterial; these have no more influence in determining values than in determining weight or magnitude.

That species of profits which, if realized by one, are secured only because an equal loss is sustained by another, has, to recommend it, neither justice nor necessity. It degrades exchanges, otherwise beneficent and ennobling, to the low level of a mere game of chance, between which and outright gambling, the moral line of demarkation is wholly imperceptible. The stock-gambler in Wall Street and the tramp on the highway are the legitimate fruits of this pernicious theory of exchange; in vain will society hurl maledictions against either of these or other similar burdens upon industry, so long as custom upholds the theory which produces them. If this species of profits is justifiable on a small scale, it is justifiable on a large scale; if one may rightfully take more than he gives, he may take something for nothing. The boy in the street playing marbles "for keeps," is the prototype of the speculator in stocks; the former is the opening blossom, the latter, the fully developed fruit of that species of profits currently thought to be the only inducements to exchange. This theory is responsible for the almost universal opinion that there is necessarily a conflict of interests in the world's commerce; hence the deception, the strategy, and the low cunning manifest in all marts of exchange; hence, the conflict between "Capital and Labor."

That species of profits resulting from the greater efficiency of labor, growing out of the division of the world's industry into the various departments required to produce and distribute the commodities desired by all, is in accordance with the requirements of the most perfect equity, and offers sufficient inducements to bring forth the best efforts of all men, till time shall be no more. The shoemaker may exchange with the mason, the carpenter, the farmer, the wood-chopper, the miner, the sailor, the dry-goods merchant, the grocer, the hardware merchant, the watch-maker, the blacksmith, the brakeman, the engineer, the conductor, the clerk, the book-keeper, the banker, the teacher, the inventor, the minister, the physician, the town, county, state, and national officials, and others giving useful services; each laborer, in any department, may exchange with those in every other, and through the greater efficiency of labor thus secured, immeasurably increase his wealth; at the same time, adding to the wealth of those with whom he exchanges. If industrious, the ordinarily efficient laborer *earns* enough to supply himself and his family with all the *necessaries* and many of the *luxuries* of life; but in consequence of false theories of exchange, he frequently *gets* neither. This fact is recognized and acknowledged, perhaps, by most economists; but, wedded to the past, most of them fail to detect the cause of this great injustice. They talk of "fair profits," "reasonable profits," "equal profits," "fair wages," "reasonable wages," "wages sufficient to support the laborers," and "wages justified by the rate of profits." Few of them seem to recognize the fact that no profits are fair, reasonable, or equal, except those resulting from superior efficiency of labor secured by the exchange of services, and that no wages are fair or reasonable, if greater or less than the products of labor. "Wages sufficient to support the laborer," implies that there is a special class of industrious people who are entitled to a bare living; all beyond this goes to make up the profits of that class who, somehow or other, are presumed to have a right to a large part of the wealth produced by others; how they came by this right, no economist has yet explained. To be sure vague assertions are made with reference to "great brain power," "superior executive ability," "shrewd management," "wise forecast of the market," etc.; but these are hardly definite enough to settle a point of so much importance; to ordinary comprehension, they seem entirely irrelevant. In consequence of the inherent difficulty of the question, however, no better explanation is, perhaps, possible; no better, therefore, need be anticipated. To prove the existence of a non-entity is a rather difficult task.

The President of the United States receives a yearly salary of $50,000—$25,000 more than was paid Abraham Lincoln during the high prices of war times. It is said that he managed to save a respectable sum each year; if this is true, the salary of the President, at present, is exorbitant. How then about the income of W. H. Vanderbilt, said to be, probably $10,000,000—sufficient to pay the presidential salary 200 years! The farmer who, at the age of sixty, has saved a farm valued at $10,000, has been more than ordinarily successful; this is the unconsumed wages of forty years. The value of one thousand such farms is annually swept into the coffers of him whose motto is said to be, "The people be damned!" The farm-laborer who should receive $500 for a year's service, would think himself generously compensated; yet $10,000,000 would pay an army of such laborers 20,000 strong! If such are the aspects presented by an income of $10,000,000, how about the principal from which it is derived, estimated at $200,000,000? It must not be forgotten that all legitimately accumulated wealth, is the unconsumed wages of the possessor. Assuming that the Presidential salary is a sufficient compensation for any one man, and allowing nothing for expenses, it would require 4,000 years to save $200,000,000. The entire wealth of the people of the United States is estimated at something like $50,000,000,000; $200,000,000 is 1–250 part of the whole; therefore one man is in possession of 1–250 part of the wealth of the nation. The average annual income of millions of industrious laborers is, perhaps, not more than $200: after paying speculative prices for the necessaries of life, how much can they save, or expend in luxuries? The average editor, worshiping at the shrine of Mammon, and trembling in the presence of "railroad kings," says that the poverty of the industrious millions is due to their intemperate habits! It is a lamentable fact that many laboring people *are* cursed with intemperate habits; but the charge that *most* of them are so cursed, is a gratuitous insult, offered by those who *ought* to know its falsity.

The most serious fault of laboring people is in conceding more to capital than its due; like the capitalists themselves, the laborers sanction the theory which permits the former, through the instrumentality of profits, interest, and rent, to appropriate the greater part of the fruits of industry. They also grievously err in giving countenance to the doctrine that a superabundance of laborers is the cause of low wages, and hence that the gates should be closed against foreign laborers, while foreign speculators are permitted to come and go at pleasure. In demanding the exclusion of foreign laborers, the American laborer sanctions the theory that wages legitimately depend upon the capital specially devoted to the payment of wages and the number of laborers seeking employment. This theory is perfectly consistent with that which permits the capitalists to appropriate the products of industry in the shape of profits, interest, and rent; but it is totally inconsistent with that theory which assigns to each the products of his own labor. It is said that foreign laborers by returning home with their earnings, impoverish the country. Is this true? A million laborers come here and remain one year, each working three hundred days, the compensation for their services being much less than the product of their labor. Each earns, say, $1.50 a day, but he gets but $1.00. The record stands as follows: Entire product of each for the year $450; entire product of the 1,000,000 men is $450,000,000, of which they get $300,000,000, thus leaving in the country $150,000,000 of the products of their labor. Does this look like impoverishing the country? Certainly not. If, however, this influx of foreign laborers displaces an equal number of American laborers, who are thus thrown out of employment—a result possible under the present pernicious theory of wages—this increase of national wealth is detrimental to the interests of the American laborer displaced by the foreigner. Self-preservation being the first law of nature, if the current theory of wages is correct, the American laborer is justified in demanding the exclusion of the foreigner. The economists teach that the more numerous the laboring population, the lower, of necessity, must wages be. Accepting this theory, the laborer, fearing a reduction of the niggardly pittance now received for his services, and mistaking a result of the same cause from which he suffers, for the cause itself, very consistently with the current theory of wages, opposes the immigration of foreign laborers. But as this is leaving the real cause wholly untouched, his efforts are all in vain. The laborer can not be permanently benefited by the exclusion of foreign laborers; in the end, all will be injured.

On the contrary, the capitalists, though accepting the current theory of wages and hoping to increase his profits, very naturally *favors* the immigration of foreign laborers, whose services can be obtained, *temporarily*, for less wages than can those of the American laborers. Less wages, however, does not necessarily imply cheaper labor: if the labor of the American is, in efficiency, double that of the immigrant, the services of the former, at $2.00 a day, are as cheap as those of the latter, at $1.00. More than this, the imported laborer has latent desires, sure to be aroused by his new environments, he, therefore, will soon demand an increase of wages: if he does not do this, the employer, taking this non-action of the laborer as a favorable symptom, will reduce the wages; such action by either of the parties, will perhaps precipitate a strike in which one of the contestants *may* gain a *temporary* advantage; though, probably, all will be ultimately injured—not merely those immediately concerned—all departments of production and exchange will feel the shock. If the strike should, fortunately, lead to the abandonment of the theory of wages, which is the responsible cause, infinitely beneficial results would follow. Wise or unwise, beneficial or injurious, right or wrong, strikes will occur till the laborer is reduced to a condition of utter helplessness, or till the pernicious theory of wages which produces them is replaced by that which assigns to each laborer the entire products of his own industry. It is not true, as many think, that the laborer has an inherent disposition to wage war against a correct theory of wages; the conflict is the inevitable result of that theory which, of itself, is a declaration of war against the right of each to receive the full proceeds of his own industry.

Temporarily and locally, the exclusion of foreign laborers *may* be beneficial to the American; but ultimately and generally, instead of raising wages, it will lower them. Under a correct theory of wages, the greater the number of laborers, the greater would be the compensation of each. If properly organized, an increase of laborers would produce a greater increase of wages. Keeping in mind the fact that, *rightfully*, to each laborer belong the products of his labor, the following illustration by the eminent economist, Adam Smith, will show how vastly the productiveness of labor is increased by increasing the number of laborers: "The business of making a pin is divided into about eighteen distinct operations. One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three operations; to put it on is a peculiar business; to whiten the pins is another; it is even a trade by itself to put them into the paper * * * I have seen a small manufactory where ten men only were employed, and where some of them, consequently, performed two or three distinct operations. But, though they were very poor, and therefore indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upward of four thousand pins of a middling size. Those ten persons, therefore, could make among them upward of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day." Thus the wages of each laborer was increased two hundred and forty times in consequence of efficiency gained by uniting with his fellows! Tracing this principle through all the departments of labor, its influence is seen to be infinitely beneficent. Instead, therefore, of a numerous laboring population tending to crowd wages down, the *natural* tendency is to increase them. There is no necessary conflict of interests among the producers of wealth; no matter whether they are fellow-countrymen or citizens of different countries. All conflicts among these, result from adhering to a theory of wages originating in an age in which the enslavement of a fellow-man was thought to be no sin.

We have thrown aside the instruments of production invented by our ancestors, but have retained their theories of distribution. The sickle has been replaced by the reaper; the scythe, by the mower; the ox-cart by the steam car; the birch canoe, by the steamer; the pitch-pine torch, by the electric light; the distaff, by thousands of spindles driven by falling water or expansion of steam; and the pedestrian courier, by the telegraph. Yet, through the accidents of exchange carried on under a theory making the distribution of the products of labor a mere game of chance, these wonderful inventions of modern times have fallen into the hands of a few speculators, and thus instead of benefiting all, they menace the liberties of the people. Strange as it seems, such have been the fruits of industry in all ages: the wealth produced by all being appropriated by a few, has oppressed the great mass of the wealth-producers; hence, it is thought, that poverty is the inevitable lot of the great masses of mankind. Instead of attributing it to its true cause—mistaken economic theories—it is supposed to be due to the fiat of Omnipotence; hence, all human efforts aiming at different results are vain, if not sacreligious. If this were true, gloomy, indeed, would be the future. But fortunately it is not true; God is no more the Author of the current theories of the distribution of wealth, than He is of cannibalism, slavery, theft, burglary, murder, or any other crime—not one of these but has found defenders on religious grounds. The slave-holders said that Cain was an accursed fratricide; God put a mark on him; though not so stated in Scripture, they were sure the mark was black; hence, *he* was the ancestor of the Negro. Cain being an antedeluvian, a failure to explain how he or his posterity escaped the wrath of Heaven and survived the general wreck of humanity in the universal deluge, rendered this theory untenable. A more plausible one was that based upon the unfilial conduct of Ham; through the malediction of his father, he and his posterity were doomed to serve Shem and Japhet. But the difficulty of establishing the right of Noah to do this, and the further difficulty of identifying the Negro as the descendant of Ham or the slave-holder as the descendant of Shem or Japhet, militated against the authenticity of this theory. The next theory was based upon the fact that the Negro was a heathen; this justified the Christian in making him a slave. But many of these heathens became Christians, without any diminution of their value as chattels; this was an *exceedingly* troublesome feature of the theory. A very natural inference was that, if his being a heathen justified the enslavement of the Negro, he logically must be set at liberty on becoming a Christian; hence, this theory was far from satisfactory. After accepting and finally abandoning many other theories equally as untenable as the three preceding, as a forlorn hope, was advanced the following: "He is nothing but a d—— nigger anyhow." Though somewhat lacking in religious fervor and logical symmetry, this is the most pointed argument ever advanced in support of the enslavement of man; though not very forcible, it has the merit of being absolutely unanswerable. It was short, easily wielded, and, on the whole, the best argument ever offered in defense of the indefensible. To such straits are they reduced who seek Divine sanction of any theory which permits any human being, except the unfortunate, to appropriate a greater share of the fruits of industry than those to which his services entitle him.

Casting aside the economic theories of the past as they have already abandoned the cotemporary mechanical inventions, let the wealth producers, rich and poor, adopt that one which assigns to each the products of his own industry, and instead of spending time and energies in an ignoble game of chance for the proceeds, let each strive to advance the welfare of all, thereby in the greatest possible degree enhancing his own individual welfare. At this time the population of the United States exceeds 50,000,000; at the beginning of the Twentieth Century it will, possibly, be 100,000,000; before its close, 500,000,000. If wise enough to utilize the bounties of nature, and distribute them among the producers, giving to each the products of his own industry, each of the 500,000,000 may possess vastly more wealth than those of to-day. Lacking the wisdom requisite to make the best use of the opportunities, instead of a nation of freemen, through *human folly*, and *not* the *fiat* of *Omnipotence*, this will become a land of ignoble serfs—modern civilization having given place to ancient barbarism. "Eternal vigilance is the price of liberty." The sly imps of despotism are ever vigilant; with sentinels sleeping on the watch-towers, Liberty is ever in peril.

Such dire calamity, not to this republic alone, but to all mankind is not inevitable; the tendency is not the result of an innate inability of man to work out a nobler destiny. The theory of the "Divine Right of Kings," the seed of tyranny, accompanied the early settlers to America. Like noxious weeds, such principles thrive without cultivation; hence, in time, the tyrannical principle flourished in all the vigor manifested in its native soil. A few appreciated the full significance of liberty; others caught merely glimses of its grandeur; others, still bowed down in adoration in the presence of kingly power. The English government in the hands of the enemies of liberty, encouraged the growth of the spirit of tyranny in the New World, and sought the extinction of the spirit of liberty; not because the Englishman, by nature, differs from other men: the environments erected by the folly of thousands of years had impressed upon the people the doctrine of the necessity of a governing class, composed of a few, commissioned by the authority of Heaven to rule the many; obedience alone being the duty of the latter.

From conditions like those specified above, but one result is possible: sooner or later there must be a conflict between the antagonistic governmental theories; no human power can avoid this, except by ridding the land of one or the other of the opposing forces. The Heaven-endowed spirit of liberty may be repressed, but it cannot be extinguished; as well might puny man attempt the extinguishment of the Sun. The spirit of tyranny, being the result of human ignorance and folly, may be extinguished, or, at least, totally obscured, in the brighter light of a higher civilization. This spirit, therefore, being an officious meddler in human affairs, is responsible for all conflicts between itself and the spirit of liberty; the former has no rights which entitle it to even live, much less to dominate the world; the latter is placed, by the Creator, in charge of all men; no higher duty than its defense, is imposed upon man.

It is no proof that men are rebellious or in favor of anarchy simply because they interpose a defense against an invasion of their rights. The dissatisfaction manifest in the industrial world is not without cause; the laborer's family, whose welfare is in his keeping, are without the means necessary for present physical needs and future intellectual attainments. Notwithstanding he works diligently, early and late, his income is inadequate to meet the demands legitimately made upon him. He sees others less industrious than himself, with families no more worthy than his own, living in luxury, while his family is pinched with poverty. It is not mere instinct that suggests the existence of a wrong. He *reasons*, and so far reasons *correctly*; he knows that all means of subsistence, for rich as well as poor, is produced by labor. Evidently, then, there is something wrong, otherwise those who labor most would receive most, and, unless extravagant, would have most. Unless industry is without merit, the argument is irrefutable. Immaterial in what capacity he labors, such is the condition of the laboring-man to-day; it is, not only his right, it is his *duty* to protest against the conditions thus imposed upon him. He must be the perpetrator or the victim of extortion; the fact that he may, by bare possibility, become a millionaire by chosing the former alternative, will be plead in vain in defense of that system for distributing wealth, which assigns the least to those who produce the most. The *desideratum* in the industrial world is a system of exchange which will assign to each the products of his own industry, allowing none to appropriate those rightfully belonging to another. Those of the past had no such system; we of to-day have no such system; those of the future, immediate or remote, will have. The man of to-day, with all his faults, is an improvement on him of the past century; he of the past was an improvement on him of the preceding century; the latter was a vast improvement on his remote ancestor, primitive man. The man of the coming century will be an improvement on him of this; he of the next succeeding century will still further advance; and eventually, though he will not be without imperfections, he will learn that it is nobler to live on the products of his own industry than on those produced by others. Let no one despair: Man's Mission to Earth is not yet fulfilled.